

1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF FLORIDA
3 CASE NO. 15-cv-62334-ROSENBERG-BRANNON

4 TAURIGA SCIENCES, INC.,
5 A Florida Corporation,

6 Plaintiff,

Deposition of:

7 -vs-

WILLIAM MEYLER

8 COWAN, GUNTESKI & CO., P.A.,
9 A Foreign Corporation,
10 DONALD COWAN, an individual,
11 and WILLIAM MYLER, an
12 individual,

13 Defendants.

14 T R A N S C R I P T of Deposition

15 Proceedings held in the above-entitled matter, as
16 taken by and before Shasi Romankow, a Certified Court
17 Reporter of the State of New Jersey, held at the law
18 office of LeClair Ryan, 1037 Raymond Boulevard,
19 Newark, New Jersey, on Thursday, September 29, 2016
20 commencing at 8:59 a.m.
21
22
23
24
25

1 A P P E A R A N C E S :

2 SILVERBERG & WEISS, ESQS.
3 BY: PAUL K. SILVERBERG, ESQ.
4 1290 Weston Road
5 Weston, Florida 33326
6 (954) 384-0998
7 Representing the Plaintiff.

8 LeCLAIR RYAN, ESQS.
9 BY: RONALD S. HERZOG, ESQ.
10 1037 Raymond Boulevard
11 Newark, New Jersey 07102
12 (973) 491-3600
13 Representing the Defendants.

14 Also present: Seth Shaw.
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I N D E X

WITNESS DIRECT CROSS REDIRECT RECROSS

WILLIAM MEYLER:
By Mr. Silverberg 5

E X H I B I T S

No.		Ident.
1	Letter bate stamped Cowan 471 dated 11/10/08	94
2	Letter bate stamped Cowan 5081 dated 9/15/14	97
3	Document request for PCAOB INF-105-2014-066 bate stamped Cowan 154	119
4	E-mail chain bate stamped Cowan 8920	125
5	Independence, Integrity and Objectivity Representation, bate stamped Cowan 570-573	133
6	Audit of Partner Investments for Independence Impairments, bate stamped Cowan 456	135
7	Letter dated 8/1/14 with attachments, bate stamped Cowan 460, 5082-5094	141
8	Partner Rotation Documentation Form, bate stamped Cowan 472-477	142
9	Two-page e-mail dated 8/3/15	170
10	E-mail dated 6/16/15, bate stamped Cowan 8895	171
11	E-mail chain dated 6/22/15, bate stamped Cowan 8896	172

1	12	Letter dated 6/15/15, bate stamped Cowan 8914	174
2	13	Text message dated 8/26/15	175
3	14	Two-page letter dated 12/18/15	180
4	15	Two-page letter dated 12/24/15	182
5	16	Letter dated 12/24/15	183
6	17	E-mail dated 7/27/15	185
7	18	E-mail dated 7/23/15	185
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1 W I L L I A M M E Y L E R ,

2 30 Southview Terrace South

3 Middletown, New Jersey 07748

4 having been administered the oath, testifies as
5 follows:

6 DIRECT EXAMINATION BY MR. SILVERBERG:

7 Q. Good morning.

8 A. Good morning.

9 Q. I understand you are here today as the
10 30(b)(6) representative for Cowan, Guteski &
11 Company, P.A., is that correct?

12 A. Yes.

13 Q. Have you ever had your deposition taken
14 before?

15 A. Yes. Well, with respect to this?

16 Q. Ever in your life?

17 A. Yes.

18 Q. When was the last time you had your
19 deposition taken?

20 A. Around 1992.

21 Q. So since it was just a little bit ago, I am
22 going to go over some basic ground rules of a
23 deposition. Today between us we have a lovely court
24 reporter. She's taking down everything that's said
25 in the room unless we explicitly say we are going off

1 the record, so that means a couple things. One, I
2 need you to answer verbally. Head nods and hand
3 gestures about the fish you caught the other day
4 being this big does not work. Second, although we
5 are all professionals in the room, we tend to
6 sometimes go into slang of yeah, uh-huhs and yeps and
7 those don't come out so clear, so if you do slide
8 into that, you will hear me or the court reporter
9 sometimes ask you for a yes or no, affirmative,
10 negative, however you prefer to answer, but we are
11 going to ask for something clear whether it is
12 negative or positive to an answer.

13 If you don't understand a question, let me know.

14 This is not to go around in circles, but to gather
15 information.

16 Also, because she's taking down everything
17 that's said, we got to try to let each other finish
18 the respective question or answer. It is preferable
19 not for her to try to type two people talking over
20 each other.

21 Your counsel, who is next to you, may object
22 time to time. The vast majority of the objections
23 will be to preserve the record for court, so you can
24 essentially ignore it. Otherwise, I am going to ask
25 her to read back the question, we are going to stop,

1 she's going to have to read back the question and it
2 will just take longer, okay?

3 A. Okay. Is this being recorded too? I see a
4 microphone.

5 Q. If you need to take a break, because we
6 will be here for several hours, let me know, I will
7 finish my line of questions and then we can take a
8 break, okay?

9 A. Okay.

10 Q. Can you tell me your highest form of
11 education?

12 A. I have a master's degree in finance.

13 Q. What school did you receive the master's
14 degree in?

15 A. Fairleigh Dickinson University.

16 Q. What year?

17 A. I believe 1975.

18 Q. Besides a driver's license, do you hold any
19 licenses?

20 A. CPA license.

21 Q. What year did you receive your CPA license?

22 A. I think 1975.

23 Q. Have you held it since approximately 1975
24 to today continuously without any breaks?

25 A. Yes.

1 Q. Since 1975, have you held any other
2 licenses besides a driver's license and a CPA
3 license?

4 A. I am a registered municipal accountant in
5 New Jersey which is an RMA license.

6 Q. Having an RMA license, what does that allow
7 you to do or what does that qualify you to do?

8 A. Audit municipalities within the state of
9 New Jersey.

10 Q. Any other licenses?

11 A. Boating license.

12 Q. Any other licenses?

13 A. No.

14 Q. Have you ever had any licenses that were
15 suspended besides potentially a driver's license
16 issue?

17 A. No.

18 Q. We are going to be talking about several
19 companies that we are all familiar with, but what I
20 am going to ask is for your permission to use
21 abbreviations for them. For, by example, the
22 plaintiff, Tauriga Sciences, Inc., are you okay if we
23 just call it Tauriga for today?

24 A. Yes.

25 Q. And for the defendant, Cowan, Guteski &

1 Company, PA, are you comfortable with Cowan & Company
2 as an abbreviation for purposes of your deposition
3 and use of your deposition?

4 A. Yes.

5 Q. The reason I am going to try to remember to
6 add company because there is obviously Donald Cowan
7 and I don't want you to think I am looking to speak
8 about him versus the company, okay?

9 A. Certainly.

10 Q. If you do get confused or you think that I
11 have used it incorrectly and confuse you with your
12 answer, please feel free to clarify, so we don't go
13 down a path of confusion and then I have to re-ask
14 all my questions, okay?

15 A. Okay.

16 Q. When did Cowan & Company first handle
17 auditing services for publicly traded companies?

18 A. February fourth 2013.

19 Q. What happened on February fourth 2013 that
20 Cowan & Company first started handling auditing
21 services?

22 A. Meyler & Company was bought out by Cowan.
23 They bought the assets of Meyler & Company.

24 Q. Was one of those assets the customer base
25 of Meyler & Company?

1 A. Yes.

2 Q. One of those customers that was acquired
3 Tauriga?

4 A. Yes.

5 Q. Did any employees from Meyler & Company
6 move to Cowan & Company that are associated with
7 auditing services?

8 A. Yes.

9 Q. Were any of those employees that moved from
10 Meyler & Company to Cowan & Company that were
11 auditors also working previously on the Tauriga file?

12 MR. HERZOG: Do you understand the
13 question?

14 A. Could you repeat the question?

15 Q. Sure. I am trying to limit my question to
16 Meyler & Company employees prior to February fourth
17 2013 that worked on the Tauriga file. Were any of
18 those people the people that came to Cowan & Company?

19 A. Yes.

20 Q. Who went over from Meyler & Company that
21 fits that category?

22 A. Rob Boyle.

23 Q. Could you spell the last name please?

24 A. B-o-y-l-e. And Sandeep Gandhi.

25 Q. At Meyler & Company, what was Rob Boyle's

1 title right before the acquisition?

2 A. He was a partner.

3 Q. Was he a full equity partner of Meyler &
4 Company?

5 A. He was an equity partner, yes.

6 Q. You said Boyle, correct?

7 A. Yes.

8 Q. Subsequent to the acquisition, did Mr.
9 Boyle work while at Cowan & Company on the Tauriga
10 file?

11 A. Yes.

12 Q. Mr. Gandhi, what was his title or position
13 at Cowan & Company prior to the acquisition?

14 A. He was a staff accountant.

15 Q. Did Mr. Gandhi continue to work on the
16 Tauriga file when he came over to Cowan & Company?

17 A. Yes.

18 Q. Prior to the acquisition, was there anyone
19 at Cowan & Company that worked on the Tauriga audit
20 files that did not come over to Cowan & Company?

21 A. Not that I recall.

22 Q. Prior to the acquisition, how many years
23 did Meyler & Company work on audit services for
24 Tauriga?

25 A. I believe 2009 that the change of control

1 took place.

2 Q. For purposes of the deposition in this
3 case, would you be agreeable to when we talk about a
4 year associated with specific audit services that we
5 talk about the year end if we want to? We will say
6 year end 2009. Is that acceptable to you?

7 MR. HERZOG: Talking about the
8 calendar year or fiscal year?

9 MR. SILVERBERG: That is what I was
10 about to clarify.

11 Q. Let me strike that and let me clarify
12 before you answer. To avoid me asking you to clarify
13 repeatedly, are you agreeable to use year end when
14 talking about a year when we are talking about
15 auditing services related to Tauriga and that being
16 the year end for Tauriga which is March of the
17 respective year?

18 A. Year end which would be March 31st.

19 Q. So are you saying year end 2009 was the
20 first auditing services?

21 A. That would make it 2010, right. The change
22 in control I believe took place in November 2009 and
23 so the first audit for Tauriga, the predecessor name
24 of Tauriga, was 2010, March 31st '10 I believe.

25 Q. When you say "change in control," what do

1 you mean by change in control?

2 A. Well, prior to change in control, it was a
3 vineyard and the vineyard went private and sold out
4 the ownership to a group of people controlled by
5 Antonio Tremino. I think that was in 2000 --
6 November of nine and then that group under Antonio
7 started Renewable Energy business. That's my
8 recollection.

9 Q. Although there was a change of control,
10 which you believe happened in November of 2009, that
11 entity was the same legal entity that continued on,
12 correct?

13 MR. HERZOG: Object to the form.

14 A. Say that again please.

15 Q. Meyler & Company performed year end
16 financial auditing services in 2008 for Tauriga,
17 correct?

18 A. 2008?

19 Q. Year end, yes.

20 A. Yes. That was under Atlantic Wine.

21 Q. But it is the same legal entity?

22 A. Same legal entity.

23 MR. HERZOG: Object to form.

24 Q. So the first year that Bill Meyler,
25 yourself, performed auditing services for Tauriga was

1 for the year end of 2008, correct?

2 A. We did, for that legal entity, we did
3 services in 2008, yes.

4 Q. Those services included auditing services,
5 correct?

6 A. Yes.

7 Q. Prior to Meyler & Company being acquired by
8 Cowan & Company, did Cowan & Company do any other
9 prior acquisitions of companies?

10 A. They had other acquisitions, yes.

11 Q. Were any of them in the auditing service
12 field?

13 A. I don't know the answer to that. Cowan is
14 primarily, you know, they do a lot of tax work, so --

15 Q. Was there a consultant utilized for the
16 acquisition of Meyler & Company by Cowan & Company
17 besides attorneys?

18 MR. HERZOG: Object to the form.

19 A. Besides attorneys?

20 Q. Besides attorneys?

21 A. No, no consultants.

22 Q. I apologize if I asked, but I want to
23 clarify. Prior to the acquisition of Meyler &
24 Company, Cowan & Company did not handle any auditing
25 services, correct?

1 A. I believe they did auditing services.

2 Q. Did they do any auditing services prior to
3 the acquisition for publicly traded companies?

4 MR. HERZOG: Asked and answered.

5 A. They did audits back in 2003 and early
6 2000s and then those companies either moved on to a
7 much larger firm or they went private and that Cowan
8 delisted, deregistered.

9 Q. Do you know what year that Cowan & Company
10 delisted or, excuse me, deregistered?

11 A. I do not.

12 Q. Do you know what year they reregistered?

13 A. 2013.

14 Q. At the time of the acquisition of Meyler &
15 Company, did Cowan & Company have internal procedures
16 and quality control associated with auditing services
17 of publicly traded companies?

18 A. Prior to the acquisition?

19 Q. Yes.

20 A. No, I don't believe so.

21 Q. Who was responsible for Cowan & Company
22 having quality control and internal procedures
23 associated with auditing services?

24 MR. HERZOG: At what point in time?

25 Q. First time. Who is responsible for

1 implementing them and drafting them?

2 A. Subsequent to the acquisition?

3 Q. It would be because you have answered that
4 they didn't previously have, so that's why I am
5 saying the first time, yes.

6 A. Well, it would be the partner in charge of
7 accounting and auditing.

8 Q. Who was the partner at that time?

9 A. Kevin Donovan.

10 Q. How long did Mr. Donovan serve as the
11 partner in charge of accounting and auditing at Cowan
12 & Company?

13 A. I do not know.

14 Q. Does he remain there today at that title?

15 A. He is there today.

16 Q. Does he hold that same title?

17 A. I believe so.

18 Q. Are you familiar with a request to
19 production that was sent to Cowan & Company?

20 A. Yes.

21 Q. Were you involved in any capacity
22 personally in gathering the documents responsive to
23 the Cowan & Company's request to produce?

24 A. Yes.

25 Q. Tell me in which process you utilized to

1 respond to the request to production?

2 A. I don't understand the question.

3 Q. When you received the request to produce in
4 the subject case, how did you go to identify and
5 organize documents responsive to that request to
6 produce?

7 A. Well, when it came to e-mails, I just asked
8 the IT manager to produce every e-mail from February
9 '13 to present between any employee who worked on
10 the job and Seth Shaw and Glahlou Lahlou.

11 Q. What is the name of the IT manager?

12 A. Paul Barrisi. When it came to the work
13 papers, I just asked the IT manager to copy those
14 files in total onto a disk which you received. When
15 it came to any other files, we went to our computer
16 records and searched and provided copies to our
17 attorney who then provided them to you.

18 Q. Was there any search of file cabinets or
19 desk drawers for responsive documents?

20 A. Cowan is 100 percent electronic, so
21 everything would be on a computer.

22 Q. How long has Cowan & Company been 100
23 percent electronic?

24 A. Before I merged in. Before Meyler merged
25 in with Cowan & Company.

1 Q. Let's talk about that acquisition. Was
2 Meyler & Company 100 percent electronic at the time
3 of the acquisition by Cowan & Company?

4 A. No.

5 Q. How were the records related to Tauriga
6 integrated at Cowan & Company?

7 A. They were not integrated.

8 Q. Can you please explain your answer?

9 A. Well, we maintained our files manually and
10 those binders were the property of Meyler & Company
11 and they were put into a storage garage. If during
12 the first year of any audit there was questions
13 relating to those prior year audits, those binders
14 are made available.

15 Q. Was there any time in which the Tauriga
16 files that originally belonged to Meyler & Company
17 were scanned and made electronic?

18 A. No.

19 Q. For the response to request to produce,
20 were any of those records originally with Meyler &
21 Company and acquired by Cowan & Company as part of
22 the acquisition searched for responsive documents
23 related to the request to produce in this case?

24 A. That was a mouthful. Can you break that
25 down?

1 Q. Sure. The request to produce that you
2 received in this case for Cowan & Company, were any
3 of the Meyler & Company original Tauriga records
4 searched for responsive documents?

5 A. No.

6 Q. Let's go back to Cowan & Company search for
7 e-mails. The IT manager, was he given his
8 instructions orally or in writing?

9 A. Gee, I think I sent him an e-mail.

10 Q. Did the e-mail provide search terms for him
11 to inquire as part of his search for responsive
12 documents?

13 MR. HERZOG: Object to the form.

14 A. I don't understand what search terms means.

15 Q. Did you provide him any key words or other
16 identifiers --

17 MR. HERZOG: Let him finish the
18 question.

19 Q. -- in order to assist him in finding
20 responsive documents?

21 A. I only provided e-mail addresses to search
22 any received or sent e-mails based upon those e-mail
23 addresses.

24 Q. What e-mail addresses did you provide him?

25 A. I provided him mine, I provided him Boyle,

1 I provided Sandeep Gandhi, I think I provided
2 Stephanie Cupo, I think I provided Jim Alviggi, I
3 think I provided Christine Sikorski from Cowan. From
4 Tauriga I provided Seth Shaw, I provided Glahlou
5 Lahlou and Frank Lemendola.

6 Q. Anybody else?

7 A. I don't think so. Could be somebody else,
8 but I don't think so. I think the list is pretty
9 inclusive.

10 Q. What about Stella, the former CEO, Stella
11 Sung?

12 A. I am not sure if Stella was on the list. I
13 had very little correspondence with Stella, but I'd
14 have to check to see if she was on the list. I think
15 she may have been, but I wouldn't swear to it right
16 now.

17 Q. Did you identify any e-mail addresses for
18 any other nonparty to the litigation, meaning any
19 third party, any other consultants, any other
20 auditors, any other professionals, any other lawyers?

21 A. No.

22 Q. And I want to clarify. Frank Lemendola was
23 a third-party accountant that neither worked for
24 Cowan and technically didn't work for Tauriga either,
25 correct?

1 MR. HERZOG: Object to the form.

2 A. Correct.

3 Q. The IT manager also assisted, per your
4 testimony, in search of work papers that would be
5 responsive to the request to produce, correct?

6 A. Yes.

7 Q. How did you assist the IT manager to
8 identify responsive documents?

9 A. Pretty easy. I just told him to take the
10 entire file. All our work papers for each particular
11 audit engagement and review engagement are in a
12 separate file, so I identified those files and he
13 copied them.

14 Q. Can you explain how the server or cloud or
15 network in which Cowan & Company utilizes how the
16 folder would be identified?

17 A. First of all, Cowan uses a program called
18 CSA which is Thomson Reuters program. It is an audit
19 engagement program, so each audit engagement, each
20 client has all the engagements chronologically by
21 date under the name and I told him to copy the files
22 for the year ended March 31st '13 and '14, so that
23 would be the entire audit file and the entire audit
24 file for the those two years.

25 Q. The reason would only be those two years,

1 year end '13 and year end '14, is because the Meyler
2 & Company acquired year end audit records were not
3 electronic at Cowan & Company, correct?

4 MR. HERZOG: Object to the form.

5 A. Correct.

6 Q. Did you ask or assist in any way or have
7 someone else assist the IT team manager search for
8 any other work papers or electronic files besides the
9 '13 and '14 year end audit records for Tauriga?

10 MR. HERZOG: Could you read the
11 question back please.

12 (Whereupon there was a record read.)

13 MR. HERZOG: He already testified
14 about the e-mail search.

15 Q. I will clarify. Besides e-mails?

16 A. Well, I asked Kevin Donovan if he had
17 anything and he and I went over the information that
18 we thought was in the system. He came up with a few
19 documents additionally and sent them to me and I
20 included them in the disk that was sent to our
21 attorney.

22 Q. What documents did Mr. Donovan provide you
23 that you believed were responsive?

24 A. There were documents related to the PCAOB.
25 He is the primary contact with the PCAOB, so he had a

1 few documents that I did not have and he provided
2 them to me.

3 Q. Any other search for responsive documents
4 to the request to produce besides what you have just
5 testified?

6 A. No.

7 Q. Did you contact any attorneys to see if
8 they had responsive documents to the request to
9 produce?

10 A. I did not.

11 Q. By you I am talking about Cowan & Company?

12 A. I don't believe they did.

13 Q. Did anyone contact your legal counsel who
14 assisted with the investigation and the resolution of
15 the public company auditing oversight board's
16 investigation?

17 A. I believe our attorney did.

18 Q. Do you know if any documents were supplied
19 from your counsel that handled the investigation by
20 the PCAOB?

21 A. Could you read that back?

22 (Whereupon there was a record read.)

23 A. There were documents supplied in that disk.

24 Q. Were those documents supplied by Cowan &
25 Company's legal attorneys for the PCAOB investigation

1 directly to Cowan & Company or were those documents
2 produced straight to your legal counsel in this case?

3 A. The documents that our legal counsel
4 provided to Cowan & Company were provided to you. If
5 any documents were provided to my legal counsel, I am
6 not aware of what those documents were.

7 Q. Can you please explain to the best of your
8 knowledge what the PCAOB is?

9 A. PCAOB is Public Company Accounting
10 Oversight Board and they regulate accounting auditing
11 firms who audit public companies.

12 Q. Do you know what areas in which they
13 regulate auditing companies?

14 A. What areas?

15 Q. Yes.

16 A. Could you give me an example of what you
17 mean?

18 Q. Do they review them for qualification, for
19 independence, those type of issues?

20 A. Yeah, they control independence obviously,
21 they control the accounting standards, they control,
22 you know, they have a hand in developing the
23 standards.

24 Q. We previously discussed Cowan & Company
25 becoming registered related to its audit services.

1 What organizations or regulatory bodies did Cowan &
2 Company become registered after the acquisition of
3 Meyler & Company?

4 A. Well, they became registered with the PCAOB
5 and I believe they registered with the Canadian Board
6 of Accountancy.

7 Q. Were they required to do any registration
8 with the SEC?

9 A. No.

10 Q. Prior to the acquisition, was Meyler &
11 Company registered with the PCAOB?

12 A. Yes.

13 Q. At all times since year end 2008, was
14 Meyler & Company registered with the PCAOB
15 continuously?

16 A. Yes.

17 Q. Between the time that Meyler & Company
18 started doing any work for Tauriga to its acquisition
19 in February of 2013, was Meyler & Company ever
20 investigated by the PCAOB?

21 A. No.

22 Q. Between the time that Meyler & Company
23 first started working on Tauriga work and its
24 acquisition, was it ever disciplined by the PCAOB?

25 A. No.

1 Q. The PCAOB as part of its services also does
2 at least once a year an audit or review of its
3 members, correct?

4 MR. HERZOG: Object to the form.

5 A. No, that's not correct.

6 Q. Do you know what the mission of the PCAOB
7 is?

8 A. Admission?

9 Q. The mission?

10 A. The mission?

11 Q. The mission?

12 A. Protect public companies.

13 Q. Is it also to protect the investors of
14 public companies?

15 A. Yes.

16 Q. Is it also to protect the public at large?

17 A. Yes.

18 Q. How did Cowan & Company first become aware
19 of the PCAOB investigation of it?

20 A. I believe they got a letter in December
21 2015, '14. I guess it was '14 of an informal
22 inquiry.

23 Q. Just so you know, and I can show you a
24 document if you need, the order that the PCAOB came
25 out was July 23rd 2015.

1 A. Right. It was '14, yes.

2 Q. Again I don't want to confuse you or trick
3 you. I am just trying to find out.

4 A. I have a lot of dates in my mind.

5 Q. I can believe it and that's why I am trying
6 to assist.

7 A. Okay.

8 Q. When you say "informal inquiry," what do
9 you mean by informal inquiry?

10 A. I don't define it any other way than
11 informal. I mean that's what they use in their
12 letter.

13 Q. Do you know who that letter was addressed
14 to?

15 A. Kevin Donovan.

16 Q. Did that informal inquiry identify any
17 specific audit clients of Cowan & Company?

18 A. Yes.

19 Q. Were one of those clients Tauriga?

20 A. Yes.

21 Q. Was there any specific topic raised
22 associated with the informal inquiry as to Tauriga?

23 A. I would say yes.

24 Q. What topic was raised in that informal
25 inquiry associated with Tauriga?

1 A. They were questioning the rotation, the
2 partner rotation for Tauriga. Let me rephrase that.

3 They were questioning a potential independence
4 violation that arose from the inspection of August
5 2013.

6 Q. Can you please explain what you are talking
7 about that happened in August of 2013?

8 A. We, you know, we had under PCAOB rules
9 every three years you are required to have an
10 inspection. We had our routine inspection August
11 '13. The team captain identified an independence
12 breach with respect to partner rotation and wrote up
13 a finding for Cowan & Company.

14 Q. Who is the team captain associated with the
15 August 2013 inspection?

16 A. Nick Jenner.

17 Q. Was this inspection from August 2013
18 documented in writing in any way?

19 A. The inspection?

20 Q. Yes.

21 A. There was a preliminary inspection report
22 that came out.

23 Q. Did that preliminary inspection report
24 identify specifically a rotation issue of Cowan?

25 A. Yes.

1 Q. Did it specifically identify Tauriga?

2 A. Yes.

3 MR. SILVERBERG: Excuse me, you can't
4 talk to him in the middle of the deposition.

5 MR. HERZOG: Yes, I can.

6 MR. SILVERBERG: No, you can't.

7 MR. HERZOG: I can talk to him anytime
8 I want to.

9 MR. SILVERBERG: There is a pending
10 question.

11 MR. HERZOG: There is no pending
12 question.

13 Q. Was the inspection -- strike the question.

14 A. I am sorry.

15 Q. Sure.

16 A. I believe the inspection was in '14.

17 Q. Okay. If you think there is a year wrong,
18 I don't have a problem you saying it out loud.

19 MR. HERZOG: I can speak to him
20 anytime I want.

21 MR. SILVERBERG: I disagree.

22 MR. HERZOG: Are you sure it is '14?

23 THE WITNESS: I am pretty sure it was
24 '14.

25 MR. HERZOG: Okay.

1 Q. What would you have to check to determine
2 if it was 2013 or 2014?

3 A. Well, if we have the inspection report here
4 we can check it pretty easy. Maybe I am getting
5 confused a little bit, but I am sure it was '14.

6 Q. What actions did Cowan & Company take when
7 they received the preliminary inspection report?

8 A. We did as we were instructed.

9 Q. What was Cowan & Company instructed to do?

10 A. In the letter they suggested we contact
11 your mediation representative of the PCAOB to
12 commence remediation proceedings.

13 Q. Beside contacting the PCAOB, did Cowan &
14 Company do anything else?

15 A. Yes. We revised our quality control
16 manuals and we took action to list the rotation
17 requirements for each job and we listed out for the
18 following five, six years who the engagement and
19 quality review partner would be for each engagement.

20 Q. Was any policies or rules in place to
21 prevent independence issues associated with partner
22 rotation prior to the August 2014 informal
23 investigation?

24 MR. HERZOG: Could you read that
25 back?

1 (Whereupon there was a record read.)

2 A. Yes. We relied on -- in all the engagement
3 work papers for each public audit engagement, we
4 relied on PPC, Practitioners Publishing Company
5 engagement policies, procedures, checklists, audit
6 programs, etcetera, and one of those checklists was a
7 partner rotation form that was completed.

8 Q. Were those forms for partner rotation
9 completed prior to August of 2014?

10 A. Yes.

11 Q. Were any of those forms done for prior work
12 by Meyler & Company?

13 A. Yes.

14 Q. So are you saying in August of 2014 Cowan &
15 Company had the partner rotation forms for year end
16 2008, year end 2009, year end 2010, year end 2011 and
17 year end 2012 for Tauriga?

18 MR. HERZOG: Object to the form.
19 Never said Cowan had those documents.

20 A. I don't believe Cowan had those documents,
21 but we historically from the audit team filled out
22 the one for '13 and '14 for the audits.

23 Q. How was the prior work by Meyler & Company
24 associated with Tauriga maintained in order to
25 identify the five-year rotation?

1 A. Say that again please.

2 Q. Sure. Meyler & Company was acquired before
3 the five-year rotation would have come due associated
4 with Tauriga, right?

5 MR. HERZOG: Object to the form. That
6 is not how the transition went down. He said the
7 assets were acquired.

8 Q. You can answer.

9 A. Say it one more time please.

10 Q. Sure.

11 A. I want to give you a right answer.

12 Q. Sure. William Meyler performed auditing
13 services for Tauriga starting in year end 2008,
14 correct?

15 A. No, not William Meyler.

16 Q. Excuse me, Meyler & Company started
17 auditing services for year end 2008 for Tauriga,
18 correct?

19 A. It is not correct.

20 Q. What was the first year Meyler & Company
21 did year end auditing services associated with
22 Tauriga?

23 A. I believe the change in control took place
24 in November of 2009, so it would be 2010.

25 Q. So Meyler & Company never did the year end

1 2008 auditing for Tauriga?

2 A. It did for Atlantic Wine.

3 Q. Which is the same entity?

4 A. Same entity.

5 Q. So the legal entity that's Tauriga, the
6 first year that Meyler & Company did auditing
7 services was for year end 2008, correct?

8 A. Yes.

9 Q. At Cowan & Company prior to the PCAOB
10 informal inquiry, was there any record to identify
11 that auditing services for Tauriga started in year
12 end 2008?

13 A. I believe only that rotation form.

14 Q. Where was the rotation form related to
15 Tauriga's year end 2008 stored at Cowan --

16 MR. HERZOG: Object to the form.

17 Q. -- the day prior to receiving the letter
18 from the PCAOB wanting or identifying they are going
19 to do an informal inquiry?

20 A. I think those papers were in the storage
21 garage.

22 Q. Those papers would be in the storage garage
23 for year end '09, year end '10, year end '11 and year
24 end '12, correct?

25 A. Yes.

1 Q. Was there any electronic notation of the
2 prior audit work associated with Tauriga in the Cowan
3 & Company system prior to the informal inquiry by the
4 PCAOB?

5 THE WITNESS: Can you read that back?
6 (Whereupon there was a record read.)

7 A. No.

8 Q. Besides the documents sitting in storage,
9 was there any paper at Cowan & Company associated
10 with the prior Tauriga work, auditing work prior to
11 the informal inquiry?

12 A. You know, I am not going to say none, but I
13 would be surprised if there was a lot, if there was
14 anything.

15 Q. Since the date of the informal inquiry til
16 you are sitting here today, are you aware or have you
17 seen any such paper?

18 A. On the Cowan system?

19 Q. Yes.

20 A. No.

21 Q. The fact is since the acquisition, Cowan
22 has always been 100 percent paperless, correct?

23 A. Yeah, they didn't want our work papers.

24 Q. No one bothered to scan in the Meyler &
25 Company work papers associated with Tauriga, correct?

1 MR. HERZOG: Object to the form.

2 A. Correct.

3 Q. No one went into the PPC policy checklist
4 and created any documentation associated with Tauriga
5 to cover year end 2008 through 2012, correct?

6 A. From Cowan?

7 Q. Correct.

8 A. Correct.

9 Q. Well, Meyler & Company didn't exist in
10 order to do it, correct?

11 A. Right. It is out of business. Nobody
12 wanted to spend the money.

13 Q. After the date of receipt of the letter of
14 informal inquiry from the PCAOB, did anyone from
15 Cowan contact Tauriga?

16 A. No.

17 Q. From the date of the letter of informal
18 inquiry from the PCAOB, did anyone contact an agent
19 or affiliate of Tauriga to notify them of this
20 inquiry?

21 A. No.

22 Q. How come?

23 A. We were working with our, you know, after
24 we identified the weakness on the inspection and the
25 informal inquiry came out, Cowan engaged counsel and

1 counsel was negotiating with the PCAOB on our part
2 and when the settlement discussions came and our
3 counsel negotiated the settlement, we and -- Cowan &
4 Company and myself were -- we didn't think that -- we
5 did not think that there were any other ramifications
6 that we were not led to believe, that there were any
7 other ramifications with respect to the censure that
8 need to be discussed and everything was settled
9 through that settlement offer.

10 Q. Did anything in the settlement offer
11 protect Tauriga?

12 MR. HERZOG: Object to the form.

13 A. Not aware of any.

14 Q. Was there any negotiations as part of the
15 settlement for clarification or identification that
16 prior audit work by Meyler & Company and/or Cowan &
17 Company and its employees was independent for the
18 entire time associated with Tauriga?

19 MR. HERZOG: Can you read that back
20 please?

21 (Whereupon there was a record read.)

22 MR. HERZOG: Object to the form. You
23 can answer.

24 A. It was never discussed that I can recall.

25 Q. Did Cowan & Company or any of its employees

1 seek as part of the settlement any protection for
2 Tauriga related to the audit services that were
3 previously done?

4 A. Just thinking about that.

5 Q. Take your time.

6 A. It was never, in our discussions with
7 counsel, it never came out.

8 Q. As part of the settlement and the process
9 associated with PCAOB, was there any clarification
10 sought as to prior audit work done related to
11 Tauriga?

12 A. No.

13 Q. As part of investigation by the PCAOB and
14 then the settlement, was there any negotiation
15 associated with the right to continue to audit
16 Tauriga?

17 A. No.

18 Q. As part of the inspection and the
19 settlement of the PCAOB matter, was there any
20 promises by the PCAOB that Cowan & Company and its
21 employees can continue to audit Tauriga?

22 A. No.

23 Q. Was there any representations made by
24 anyone associated with the PCAOB that Cowan & Company
25 and its employees can continue to audit Tauriga?

1 A. No.

2 Q. Did Cowan & Company and its employees
3 receive any opinion letters from any lawyers that
4 they can continue to audit Tauriga?

5 A. No.

6 Q. Was there any inquiry into any governmental
7 agency to seek whether Cowan & Company and its
8 employees could continue to audit Tauriga?

9 MR. HERZOG: Object to form. What do
10 you mean inquiry?

11 MR. SILVERBERG: You don't know what
12 the word inquiry means?

13 MR. HERZOG: I don't know what you are
14 talking about.

15 MR. SILVERBERG: You don't know what
16 the word inquiry means in a general definition?

17 MR. HERZOG: Is it a general
18 definition?

19 MR. SILVERBERG: General definition.

20 A. Since there's been so much back and forth,
21 can you repeat the question?

22 (Whereupon there was a record read.)

23 A. No.

24 Q. Was there any inquiry made by Cowan &
25 Company and its employees to anybody to determine

1 whether they can continue to audit Tauriga?

2 A. Well, we had not yet started the audit of
3 '15 and we were dismissed, so it became a moot
4 point.

5 Q. My question is very simple. Was there ever
6 an inquiry by Cowan & Company and/or any of its
7 employees to anybody about their ability or right to
8 continue to audit Tauriga?

9 A. It was a moot point after we were
10 dismissed. Why would we inquire of anybody?

11 Q. Are you claiming here today that you did
12 not attempt to maintain the file of Tauriga for year
13 end 2015?

14 A. We did not commence the audit of 2015.

15 Q. My question is very simple. Did you
16 attempt to maintain Tauriga as a client in order to
17 do the year end 2015?

18 A. Yes.

19 MR. HERZOG: Bathroom break.

20 (Whereupon there was a recess.)

21 Q. Back on the record please.

22 Did Cowan & Company or any of its employees seek
23 any advice from anybody whether they could continue
24 to do auditing services for Tauriga after the
25 informal inquiry?

1 A. After the informal inquiry?

2 Q. Yes.

3 A. No, because we were under the impression
4 that we had a new clock with respect to Tauriga and
5 the reason I say that is because in 2008, right
6 around November of 2008, well it was before that, I
7 had a number of clients who were having change of
8 controls and at the PCAOB forum in New York City in
9 2008 I discussed with a PCAOB representative, I think
10 his name was Gregory Skates, he was one of the audit
11 directors for the PCAOB, and I explained to him
12 situations, characteristics of some of my clients
13 that I thought would give me a new clock for a
14 particular client, particular group of clients and he
15 suggested -- he thought that based upon my
16 explanations of the situations that I had a new clock
17 and suggested that I speak with the SEC just to
18 confirm, so it wasn't until, because summer is
19 usually pretty busy and a number of things going on,
20 vacations and etcetera, it wasn't actually until
21 November that I finally contacted the SEC and spoke
22 to somebody in the chief accountant's office and
23 again they confirmed that based upon the situations
24 that I was explaining to them that I had a new clock
25 as well. So we just assumed that we were okay, on

1 good footing and based upon discussions with some of
2 -- our PCAOB attorney, we discussed that with him,
3 although he accepted it, but he thought it could be
4 -- may not -- he thought that, I am just trying to
5 think, remember, he was concerned that since we
6 didn't document it to the -- well, what happened was
7 the -- what had happened was the inspector on the
8 inspection team, Nick Jenner, he had some issues with
9 it and that's what gave rise to the comment or the
10 finding and we had thought that by providing all this
11 information to our attorney and that that was made
12 known and provided to the PCAOB attorney that all of
13 that was taken into consideration in the settlement
14 agreement with the PCAOB and that we didn't have any
15 further ramifications against us.

16 Q. So if I understand correctly, no matter
17 what word I use, advice, inquiry, suggestion,
18 consultation, your entire position that Cowan &
19 Company and its employees can continue to audit
20 Tauriga was based on an assumption?

21 MR. HERZOG: Object to the form.

22 A. I don't think it was an assumption.

23 Q. Okay. Your informal discussion at a
24 conference with a PCAOB member was on clients without
25 specific names, correct?

1 A. Yes.

2 Q. How long was that discussion?

3 A. Don't recall.

4 Q. Do you believe it lasted more than five
5 minutes?

6 A. Yes.

7 Q. Do you think it lasted more than ten
8 minutes?

9 A. No.

10 Q. Did anyone have any of the rules,
11 regulations or code associated with the partner
12 rotation on them or review them as part of that
13 discussion that lasted less than ten minutes?

14 A. No.

15 Q. During that less than ten-minute
16 conversation in 2008, was there any discussion of a
17 specific opinion, ruling, statute, regulation or
18 other law that suggested a change in control modified
19 the five-year rotation law or obligation?

20 A. I mean they know the rules like the back of
21 their hand. They know the rules much better than I
22 do and I was asking for their opinion, if you will,
23 okay. I mean if I knew the rules, every nuance of
24 the rule, I wouldn't be discussing it with them.

25 Q. Prior to the discussion, that informal

1 discussion that lasted less than ten minutes in 2008,
2 did you make any inquiry to any other professional
3 about their opinion on the five-year rotation?

4 A. I may have.

5 Q. Do you recall specifically either way?

6 A. You are really taxing my memory now.

7 Q. I am trying.

8 A. I usually, when I have had an issue, we'd
9 bounce it off another professional who had
10 significant knowledge of PCAOB rules and guidelines.

11 Q. Since 2008 to the present, do you know of
12 any colleague, acquaintance or friend who is a former
13 employee of the PCAOB?

14 A. No.

15 Q. During that less than ten-minute
16 conversation in 2008, was there any discussion of
17 facts that may change the individual's opinion about
18 the change control?

19 A. I don't believe so.

20 Q. I will give you an example to help. Was
21 there a discussion well if three managers or board
22 member stayed compared to no board members with a
23 change of control, would that change someone's
24 opinion. Were any of those examples or suggestions
25 or inquiries provided?

1 A. Yes.

2 Q. Did the informal conversation change based
3 on those topics added to the mix?

4 A. No.

5 Q. So it was always the same opinion?

6 A. Always the same opinion.

7 Q. So your understanding in '08 in an informal
8 conversation if there was a change of more than 50
9 percent of ownership, didn't matter if the same
10 management stayed or didn't stay, the five-year
11 rotation started?

12 A. No, the management was a big issue.

13 Q. So it was all or nothing as management --

14 MR. HERZOG: Objection.

15 Q. -- as part of the change in control?

16 A. Well, the case I cited was all the
17 management changed.

18 Q. But then I asked you if there was inquiry
19 about like changing variables in management and you
20 said yes, correct?

21 A. You have to repeat that question.

22 Q. Sure. Did you ask during that informal
23 less than ten-minute conversation in 2008 if one
24 manager stayed as part of the change in control how
25 that would affect that person's opinion on that given

1 day?

2 A. I think the case I cited was complete
3 change in management.

4 Q. During that less than ten-minute
5 conversation, did you suggest any variables that
6 could change this person's off-the-cuff opinion at
7 the conference?

8 MR. HERZOG: Object to the form.

9 A. I don't recall.

10 Q. Were there any variables discussed in that
11 ten-minute conversation to determine how broad or
12 extensive the change of control had to be related to
13 in order for there to be a new clock?

14 A. I think I was focusing on change of
15 management, okay. In this case there was a complete
16 change of management.

17 Q. But there was no variable asked about a
18 left over director, was there?

19 A. Well, yeah. That change of management and
20 change of directors that's management and the board
21 of directors, yes.

22 Q. So you understood that this person's
23 opinion when you walked up to him in 2008 and spoke
24 for less than ten minutes at a conference that in the
25 circumstance of 100 percent control, change of

1 control in management directors and more than 50
2 percent in shareholders would equate to a five-year
3 clock restarting?

4 A. We were really focusing on change of
5 officers and directors, okay.

6 Q. So there was nothing to do about the
7 shareholder change of control?

8 A. I believe -- I think we did discuss the
9 shareholder change of control, but the main focus was
10 on if you had a complete change of management and
11 directors, that would pretty much give me a new
12 clock.

13 Q. Did this person you talked to in the '08
14 conference for less than ten minutes indicate any
15 examples in which the PCAOB considered there to be a
16 new clock with a complete change of management?

17 A. No, he did not give me examples. We did
18 not discuss examples other than the examples of the
19 client that I provided to him.

20 Q. That client was not Tauriga, correct?

21 A. It was not Tauriga in its present form.

22 Q. What do you mean by present form?

23 A. Well, it was Atlantic Wine and some other
24 clients that I had were almost in the same similar
25 situation.

1 Q. So are you saying sitting here today that
2 when you went up to this person in 2008 and spoke for
3 less than ten minutes that you had specifically in
4 mind Tauriga?

5 A. Yes.

6 Q. Was this person that you spoke to less than
7 ten minutes in 2008 suggesting that he was 100
8 percent confident or based on those basic facts he
9 thinks so or that was just his initial feeling?

10 A. I believe he said he agreed with my
11 assumptions and that he thought I had a new clock.

12 Q. What was his position at the PCAOB meeting
13 in 2008?

14 A. I don't know his exact position. I know he
15 was a pretty high-ranking individual in the PCAOB.

16 Q. Was his name again?

17 A. Gregory Skates.

18 Q. As part of the informal inquiry and the
19 investigation by PCAOB by the Cowan & Company, did
20 you reach out to Mr. Skates?

21 A. I did.

22 Q. Were you able to locate him?

23 A. I did.

24 Q. Do he recall the conversation that you
25 claim happened in 2008?

1 A. He did not recall the conversation and when
2 I told him I was questioning because of a situation
3 that arose on inspection the conversation ended very
4 quickly.

5 Q. At the time you reached out to him
6 associated with your Cowan & Company PCAOB issue, was
7 he still with the PCAOB?

8 A. Yes.

9 Q. Did Cowan & Company attempt to get a
10 statement from him as part of the response to the
11 PCAOB?

12 A. As I said, the conversation ended quickly.

13 Q. Did you ask your lawyers to reach out to
14 get his opinion?

15 A. I think our attorneys --

16 MR. HERZOG: Just answer yes or no
17 first and we can address a potential privilege
18 issue.

19 A. Can you repeat the question?

20 Q. Sure.

21 (Whereupon there was a record read.)

22 A. Yes.

23 Q. Was Cowan & Company or its agents able to
24 gain his opinion as part of the investigation?

25 A. I do not believe so.

1 Q. At the time you reached out to him as part
2 of Cowan & Company, what was his position at the
3 PCAOB?

4 A. I am not 100 percent sure, but I think he
5 is Director of Auditing. He is pretty high level.

6 Q. Was there any inquiry placed to the PCAOB,
7 including to Mr. Skates, about the clock restarting
8 for an opinion?

9 MR. HERZOG: Object to the form.

10 A. At what particular point in time?

11 Q. Any point in time including yesterday?

12 A. No. Typically at PCAOB doesn't give
13 opinions.

14 Q. You can always try and get shot down.

15 A. I know. Just like the SEC, they don't put
16 anything in writing.

17 Q. But you don't have any inquiries or written
18 requests for an opinion related to independence in
19 any manner associated with Tauriga, correct?

20 A. To the PCAOB?

21 Q. To anybody?

22 A. Only the memorandum that I document to my
23 files of my conversations.

24 Q. When did you create that memo?

25 A. I believe it was November 2008.

1 Q. Where did you find that memo?

2 A. Where did I find it?

3 Q. Yeah.

4 A. My personal computer in my documents.

5 Q. As part of your search for documents
6 responsive to the request to produce, did you search
7 your personal computer?

8 A. I did.

9 Q. What did you search it for?

10 A. Anything related to Tauriga.

11 Q. What specific terms did you use?

12 A. Oh, you asked me a question?

13 Q. Yeah. What personal terms did you use?

14 A. My documents has one folder, one big folder
15 and I just scrolled down.

16 Q. So you didn't search. You just looked file
17 name by file name?

18 A. Just file name by file name and not a lot
19 of information in my documents. When I leave the
20 office I don't do anything.

21 Q. This personal computer that you found the
22 memo from 2008, are we talking about like your
23 personal computer at home?

24 A. That was my work computer at Meyler &
25 Company.

1 Q. When you found that memo, was it at the
2 Cowan & Company office or at your personal residence?

3 A. My home.

4 Q. What kind of computer is that?

5 A. It is a Dell Inspiron.

6 Q. How old is it?

7 A. It has got to be at least seven-years-old.

8 Q. You still have it today?

9 A. I still have it. It is on its last legs.

10 The screen doesn't work, so I had to have another
11 monitor to hook up to it. The hard drive is on the
12 last legs.

13 Q. Did you find anything besides this memo on
14 your personal PC that was responsive to a request to
15 produce?

16 A. No.

17 Q. This memo about rotation in the 2008
18 conversations, when did you find it?

19 A. When I was approached by the team captain,
20 Nick Jenner, and the inspection, I knew I had this
21 document in my computer and I went home that night
22 and looked for it and got it out. That was on
23 inspection in August '14 and the file date still
24 remains the same. Hasn't been changed.

25 Q. What do you mean the file date?

1 A. The file date on the computer.

2 Q. Oh, you mean when you look at the details
3 about the document?

4 A. Right. Never been modified.

5 MR. HERZOG: Wait for his question.

6 Q. You mentioned a second conversation that
7 you had associated with the clock restarting for the
8 five years, correct?

9 A. Yes.

10 Q. Who is that conversation with?

11 A. It was a gentleman at the SEC.

12 Q. Any specific department within the SEC?

13 A. I think chief accountant's office.

14 Q. Why did you call someone at the SEC?

15 A. Because, you know, typically the PCAOB will
16 not give anything in writing and when I had the
17 conversation with Greg Skates, he suggested that I
18 verify our mutual understanding with the SEC, so I
19 did that.

20 Q. Did he use the term mutual understanding or
21 is that your words?

22 A. That's mine.

23 Q. How did you identify Mr. Bailey as the
24 right person to speak to?

25 A. Just called the SEC and asked for somebody

1 to talk to. I had no name.

2 Q. Was anyone else on the call with you?

3 A. No.

4 Q. The conversation that happened earlier in
5 2008 that lasted less than ten minutes with Mr.
6 Skates, was anyone else with you that overheard your
7 conversation with him?

8 A. No, I don't believe so.

9 Q. How long did your conversation with Mr.
10 Bailey last?

11 A. I would say less than ten minutes, maybe
12 15. I don't recall. We discussed the same issue,
13 same information that I discussed with Skates.

14 Q. Any variables added that are different than
15 you gave Skates?

16 A. No.

17 Q. Did you have Tauriga specifically in mind
18 when you were speaking to Mr. Bailey?

19 A. Yes.

20 Q. Why in 2008 were you worried about the
21 five-year rotation if it was your first year handling
22 audit work for Tauriga?

23 A. Because I had audited Atlantic Wine.

24 Q. I am making a clarity for this deposition
25 in this case. Atlantic Wine is Tauriga, correct?

1 A. Right.

2 Q. It is just a different name than it had at
3 one point in life?

4 A. Right, but I had audited Atlantic Wine
5 prior to 2008 and you keep coming up with 2008.

6 Q. When was the first year that you did any
7 audit work associated with Tauriga?

8 MR. HERZOG: Including Atlantic Wine?

9 MR. SILVERBERG: Atlantic Wine is the
10 same company.

11 A. I took them public, so 2005, 2004. It was
12 2004 or five.

13 Q. Was there any breaks in the audit work
14 between year end 2005 and year end 2014?

15 A. No.

16 Q. Do you recall any specifics that Mr. Bailey
17 gave you?

18 A. No.

19 Q. Did Mr. Bailey point you to any rules,
20 regulations, code, opinions or other matter
21 associated with the five-year rotation for you to
22 rely on or consider?

23 A. No.

24 Q. Did Mr. Bailey give you any examples of
25 what was a basis to restart the clock versus a basis

1 not to?

2 A. He did not. I just presented the facts the
3 way I understood them and he was in agreement with
4 me.

5 Q. What were the specific facts that you told
6 Mr. Bailey?

7 A. It was in a memo. You know, offhand I
8 didn't see the memo. Do you have the memo?

9 Q. Sitting here today, you don't recall the
10 specific facts?

11 A. Well, I remember the change in control, the
12 change in management, officers, directors and change
13 of I mentioned the stock ownership then too.

14 Q. So it was a combination of three things,
15 change majority of ownership, change of all
16 management and change of all directors, correct?

17 A. The change of shareholders was an added,
18 but the primarily emphasis was on all directors, all
19 officers and that was the primary thing that we were
20 focused on.

21 Q. Did Mr. Bailey say there were any special
22 considerations or factors in determining whether the
23 clock would restart?

24 A. No. I think I presented, you know,
25 concentrated on officer and director and he agreed he

1 thought I had a new clock.

2 Q. Did Mr. Bailey provide anything in writing?

3 A. No.

4 Q. Did anyone from the SEC provide anything in
5 writing?

6 A. No. You know they don't.

7 Q. Was there any inquiry to the SEC for any
8 opinion related to this issue obviously?

9 A. No, but I understand the SEC does track
10 phone conversations and phone calls.

11 Q. Were you able to identify the proof that
12 the phone call actually occurred?

13 A. No.

14 Q. Since year end 2005 related to Tauriga,
15 have and has William Meyler been the lead audit
16 partner?

17 A. Yes.

18 Q. From year end 2005 through year end 2014
19 for Tauriga, has Bill Meyler been the audit partner
20 responsible for reviewing the audit?

21 A. Yes.

22 Q. Has the issuer since year end 2005 through
23 year end 2014 been Tauriga?

24 A. Yes.

25 Q. Did Meyler & Company ever provide a

1 different lead audit partner to Tauriga?

2 A. Did Meyler & Company?

3 Q. Correct.

4 A. No.

5 Q. Between the acquisition and year end 2014,
6 did Cowan & Company ever provide a different lead
7 audit partner?

8 A. Yes.

9 Q. What year did Cowan & Company provide a
10 different lead audit partner from 2014 year end
11 prior?

12 A. It did not. Subsequent it did.

13 Q. It is your position that Cowan & Company
14 proposed a different lead auditor for year ending
15 2015, correct?

16 A. Yes.

17 Q. So between the acquisition date by Cowan &
18 Company of Meyler & Company to its final year end
19 audit that it prepared in 2014, William Meyler was
20 the lead audit partner, correct?

21 A. Yes.

22 Q. At Meyler & Company, who was the audit
23 partner responsible for reviewing the Tauriga audits?

24 A. It was me.

25 Q. At Cowan & Company for audits actually

1 completed, who was the audit partner responsible for
2 reviewing the audit?

3 A. Me.

4 Q. I am going to ask globally and separate if
5 there is a difference. For Meyler & Company and
6 Cowan & Company associated with Tauriga, was there
7 any difference ever between the lead audit partner
8 and the audit partner responsible for reviewing the
9 audit?

10 A. Okay, lead audit partner reviews the audit.

11 Q. So the answer they are the same in your
12 mind, correct?

13 A. Yes.

14 Q. Cowan & Company during all material times
15 that it's performed auditing services for Tauriga was
16 a registered public accounting firm, correct?

17 A. Yes.

18 Q. All times that Meyler & Company provided
19 auditing services for Tauriga, it was a registered
20 public accounting firm, correct?

21 A. Yes.

22 Q. Have you ever seen any law, rule, code or
23 regulation that defines issuer in any way that is
24 impacted by a change of management when it relates to
25 the PCAOB audit partner rotation rule?

1 A. I don't think I understand the question.

2 Q. Sure. Fair enough. You understand
3 associated with the audit partner rotation
4 requirement that it uses the term issuer, correct?

5 A. Yes.

6 Q. Familiar with in our case the issuer is
7 Tauriga, right?

8 A. Right.

9 Q. And I am sure you have looked at the
10 definition of issuer and how issuer is used
11 associated with the audit partner rotation
12 requirement, correct?

13 A. Yes.

14 Q. Have you ever seen anything in writing that
15 states that there is any difference between an issuer
16 before a change in control and after a change in
17 control?

18 A. No, but the SEC and the PCAOB do have
19 internal guidelines not published that I think govern
20 the change of a clock, but I have not seen those
21 rules. I don't think they are published either, but
22 they are certainly aware of change of control, change
23 of clock and they have committees that discuss those
24 issues on a particular question, so I know that
25 within the SEC and the PCAOB this is not a new

1 subject matter for them. It is there, but I have not
2 seen it public in a rule, okay.

3 Q. Are you saying that there is something more
4 than this topic that's been brought up, that there is
5 been actually like an informal decision that the
6 clock restarts?

7 A. I think the SEC does make rulings on
8 resetting the clock. I do.

9 Q. Have you ever seen any?

10 A. Well, they wouldn't have discussed it with
11 me if it was black and white.

12 Q. So in 2008 you realized it was a grey
13 topic, grey area?

14 MR. HERZOG: Object to the form.

15 A. I realized that it was a discussable topic
16 and that they were willing to talk about it. If it
17 was black or white, they wouldn't be willing to talk
18 about it.

19 Q. So in 2008 you knew it was an unverifiable
20 position, correct?

21 MR. HERZOG: Object to the form.

22 A. I didn't go that far.

23 Q. But you knew in 2008 it was unverifiable
24 position, correct?

25 MR. HERZOG: Same objection. You can

1 ask him again. He's already answered it.

2 MR. SILVERBERG: He didn't answer it.

3 MR. HERZOG: He did answer it.

4 Q. You can answer.

5 MR. HERZOG: Read back his previous
6 answer to the same question.

7 MR. SILVERBERG: Are you instructing
8 him not to answer?

9 MR. HERZOG: You are saying he didn't
10 answer. You asked him a question. He answered it.
11 You asked him the same exact question and then you
12 say he didn't answer it.

13 MR. SILVERBERG: The back and forth.

14 Q. Yes or no you could not verify the PCAOB's
15 position on restarting the clock in 2008?

16 MR. HERZOG: Object to the form.

17 A. I can't answer yes or no.

18 Q. In 2008 if I asked you to verify PCAOB's
19 position on restarting the clock for partner
20 rotation, how would you verify it?

21 A. My verification process was discussion with
22 the PCAOB and the SEC. That's the reason why I went
23 to them because the rules weren't clear.

24 Q. Sir, how long have you been an auditor?

25 A. A long time.

1 Q. Do you take half of your clients'
2 telephonic responses as verification that things are
3 accurate?

4 A. Depends on who I am speaking to.

5 Q. Okay. Give me an example of a material
6 issue that you would take a verbal response and
7 accept it as an auditor under PCAOB guidelines, in
8 your professional guidelines?

9 A. Obviously this was an example.

10 Q. I am asking for a different example, sir.
11 I want to know as a professional auditor for more
12 years than I have practiced law and maybe more years
13 than I have been alive for an example of a time as an
14 auditor that you took verbal information as
15 verification for a client?

16 MR. HERZOG: Object to the form.

17 MR. SILVERBERG: I will re-ask the
18 question.

19 Q. As a professional auditor for publicly
20 traded companies for a number of years, I want an
21 example where you accepted verbal information about a
22 material issue and accepted it for a client?

23 A. Well, when we got into complex derivative
24 calculations I would consult with some professionals
25 who had significant expertise in this area and

1 discussed the issue with them and I would rely
2 sometimes on their advice.

3 Q. Give me an example last time you did that?

4 A. Just recently.

5 Q. Who is the name of the client?

6 A. That is confidential.

7 Q. Why is it confidential?

8 A. I don't disclose. I don't talk about other
9 clients.

10 Q. How do I verify what you are saying?

11 MR. HERZOG: No back and forth there.

12 Clear regulations of confidentiality of client
13 identification.

14 Q. What professional did you contact that you
15 relied upon their word as verification?

16 A. It was another acting firm.

17 Q. Which acting firm?

18 A. Cherry Bekaert.

19 Q. Who at Cherry Bekaert?

20 A. Gus Perez.

21 Q. When was this conversation with Mr. Perez
22 that you relied on his verbal information to a
23 material issue as verification?

24 A. I would say within the last two months.

25 Q. Was Cherry Bekaert engaged by that client

1 to perform services?

2 A. Yes.

3 Q. Did you receive subsequent written
4 documentation from Cherry Bekaert on that issue?

5 A. I wasn't the partner on that job. I was
6 doing it as independent for a client.

7 Q. So it wasn't a publicly-traded company that
8 you were the lead auditor?

9 A. Two months ago. I wouldn't be given public
10 work two months ago.

11 Q. That's true. So it wasn't for an issuer
12 that you relied on verbal comment?

13 A. I was discussing with the client -- the
14 client asked for advice on a particular agreement, I
15 thought I was right, but I conferred with Gus Perez
16 and he concluded that I was right.

17 Q. I would like an example where you were the
18 lead auditor partner for an issuer where you took a
19 verbal statement as verification for a material issue
20 and if you have never done it, just say you have
21 never done it?

22 A. I can't recall if I have done that.

23 Q. Based on all the regulations and your
24 professional ethics, do you think it's appropriate on
25 a material issue as a lead audit partner for an

1 issuer to take a verbal verification?

2 MR. HERZOG: Objection. He is not
3 here to give opinion testimony.

4 Q. You can answer.

5 A. Do I have to answer that?

6 MR. HERZOG: No, you are not here as
7 an expert.

8 MR. SILVERBERG: You can't instruct
9 him not to answer. I am asking his opinion.

10 MR. HERZOG: You are asking him a
11 question. He is not here to give an opinion.

12 MR. SILVERBERG: You are instructing
13 him not to answer?

14 MR. HERZOG: I am not instructing not
15 to answer. He himself said do I have to give an
16 opinion?

17 MR. SILVERBERG: I am asking for
18 opinion.

19 MR. HERZOG: Sure, you are.

20 Q. I am asking for your opinion. I am not
21 asking for an expert opinion. You have to give me
22 your opinion.

23 MR. HERZOG: No, he doesn't. He is
24 here as a fact witness. He is here not to give
25 opinions.

1 MR. SILVERBERG: So you are
2 instructing him not to answer?

3 MR. HERZOG: I am not instructing him
4 not to answer. He himself said do I have to give an
5 opinion. He himself recognizes the impropriety of
6 the question.

7 Q. Sir, you have to answer. Your lawyer has
8 not advised you not to answer.

9 MR. HERZOG: He doesn't have to
10 answer.

11 MR. SILVERBERG: Then you are either
12 instructing him not to answer --

13 MR. HERZOG: No. You can ask him a
14 question that is privileged. He wouldn't have to
15 answer that if I instruct him or not. It is an
16 improper question of a fact witness.

17 MR. SILVERBERG: First of all, he's
18 not identified as a fact witness.

19 MR. HERZOG: Sure, he is.

20 MR. SILVERBERG: 30(b)(6), his
21 official professional opinion about something.

22 MR. HERZOG: No, you don't. You can't
23 transform him into a witness who has to give opinion
24 evidence by designating him as a 30(b)(6).

25 MR. SILVERBERG: Whether 30(b)(6) or

1 individually, I am allowed to ask him his personal
2 opinion.

3 MR. HERZOG: No, you are not, not if
4 it is not a fact-based question. You can ask him all
5 the questions you deem appropriate about what he did
6 and why he did it or why he didn't do it. You don't
7 then transition that into opinion testimony.

8 MR. SILVERBERG: Just for the record,
9 you are not instructing him to not answer, correct?

10 MR. HERZOG: He himself said do I have
11 to give an opinion.

12 Q. Sir, are you refusing to answer the
13 question?

14 A. I am not going to give an opinion.

15 Q. Are you refusing to give an opinion?

16 MR. HERZOG: He has answered the
17 question.

18 MR. SILVERBERG: I am taking it to the
19 judge, so I want him to understand is he refusing to
20 answer the question. He is a defendant in the case.
21 As corporate representative and individually, are you
22 refusing to answer the question, yes or no?

23 MR. HERZOG: On his opinion?

24 A. Yes.

25 MR. SILVERBERG: Mark that for the

1 record. Mark that because we will call after lunch.
2 I will call to set it up.

3 Q. As a lead audit partner, has another person
4 on the audit team ever come to you and said they got
5 a verbal verification on a material issue for an
6 issuer?

7 A. No.

8 Q. Have you ever accepted a verbal statement
9 as verification when acting as a lead audit partner
10 for an issuer from a banking institution?

11 A. No.

12 Q. Why not?

13 A. Maybe I am misunderstanding the question.
14 Can you expand on it?

15 Q. Sure. As part of the services as an
16 auditing firm you verify financial information
17 related to or about an issuer, correct?

18 A. Yes.

19 Q. Wouldn't you agree it is easier to pick up
20 the phone and speak to someone at the bank than
21 gather all the documents and look through them as
22 part of an audit, correct?

23 MR. HERZOG: Object to the form.

24 A. I wouldn't do that.

25 Q. Why not?

1 A. Because the standards require you to
2 confirm and get it in writing.

3 Q. What standard requires that?

4 A. I don't have the number in the back of my
5 mind.

6 Q. What regulation of what body requires that
7 standard?

8 A. Generally accepted accounting principals in
9 the PCAOB.

10 Q. Why is it your understanding that they
11 require verification in writing?

12 A. Because they want independent verification.

13 Q. On behalf of Tauriga, were your
14 conversations in 2008 independently verifiable?

15 MR. HERZOG: Object to the form. You
16 have asked him this same question four times now.

17 Q. You can answer.

18 A. Say that again.

19 MR. SILVERBERG: Read back the
20 question.

21 (Whereupon there was a record read.)

22 A. I think that is the same as before.

23 Q. Are you refusing to answer, sir?

24 MR. HERZOG: He answered it.

25 Q. I am asking for your answer.

1 A. Yes.

2 Q. They are independently verifiable?

3 A. Pardon me?

4 MR. HERZOG: That is not the
5 question.

6 A. You asked am I refusing to answer and I
7 said yes.

8 MR. SILVERBERG: Can you mark that for
9 the judge as well.

10 Q. Sir, I should have asked this earlier. You
11 are familiar with the 15 U.S.C.S 78J-1 which is the
12 audit partner rotation rule?

13 A. Yes.

14 Q. It had the word unlawful. Are you refusing
15 to answer the questions because of concern of
16 criminal action?

17 A. No, I did nothing criminal here, no.

18 Q. I just want to understand if that is why
19 you are refusing.

20 Were you able to verify the 2008 conversations,
21 so during your negotiations and the inquiry by the
22 PCAOB relating to Tauriga.

23 MR. HERZOG: Asked and answered. You
24 can answer it again. We went through this.

25 MR. SILVERBERG: I didn't ask him that

1 question.

2 MR. HERZOG: Sure you did.

3 MR. SILVERBERG: I asked it
4 differently.

5 MR. HERZOG: You asked the same
6 question.

7 MR. SILVERBERG: You are saying word
8 for word I asked the same question?

9 MR. HERZOG: I said you asked him the
10 same question. You didn't repeat it verbatim, but
11 the substance has previously been asked.

12 Q. Are you refusing to answer, sir?

13 MR. HERZOG: Answer it again, Bill.

14 A. Yes.

15 MR. HERZOG: Bill, answer the question
16 again.

17 A. Repeat the question.

18 MR. SILVERBERG: Read it back please.

19 (Whereupon there was a record read.)

20 A. Can you expand on conversations?
21 Conversations with who?

22 Q. Sure. Were you able to verify the
23 conversation with Mr. Skates during the inquiry and
24 investigation by the PCAOB?

25 MR. HERZOG: Answer it again.

1 A. You asked me that question before.

2 Q. I asked it differently. It is okay.

3 A. I told you that he couldn't recall a
4 conversation and when I told him that it was part --
5 I was trying to get some information with respect to
6 the PCAOB inspection, the conversation ended.

7 Q. I don't know if you did anything else. So
8 were you able to verify it, yes or no?

9 A. Obviously I am telling you what I did and I
10 am telling you the nature of the conversation.

11 Q. Okay.

12 A. Yes, I tried to verify it.

13 Q. But you were unable, correct?

14 A. I told you the nature of the conversation.

15 Q. Sure. So for clarity, you were unable to
16 verify what Mr. Skates allegedly told you in 2008,
17 correct?

18 MR. HERZOG: Asked and answered.

19 A. I just told you the nature of the
20 conversation.

21 Q. I am asking for clarity yes or no, you were
22 unable to verify the alleged conversation that
23 occurred in 2008 between you and Mr. Skates?

24 MR. HERZOG: Just because you don't
25 like an answer doesn't mean you can keep asking the

1 same question. You have asked him this about five
2 times now.

3 MR. SILVERBERG: I am asking for
4 clarity, yes or no.

5 MR. HERZOG: Not clarity. He has told
6 you what he did. Repeatedly he has told you what he
7 did.

8 Q. The question is pending, sir. Yes or no,
9 were you able to verify your conversation occurred in
10 2008 with Mr. Skates?

11 MR. HERZOG: Tell him again what you
12 did.

13 Q. No, I didn't ask what you did. I asked yes
14 or no and then you can clarify.

15 MR. HERZOG: You can't dictate whether
16 a question can be answered yes or no.

17 MR. SILVERBERG: I can absolutely ask
18 a yes or no question and then he can expand.

19 MR. HERZOG: No. You can ask the
20 question. That doesn't mean he has to answer it yes
21 or no.

22 MR. SILVERBERG: Sir, you can object.
23 Do not do speaking objections.

24 MR. HERZOG: Then don't ask repetitive
25 questions.

1 MR. SILVERBERG: You can object asked
2 answered.

3 MR. HERZOG: Asked and answered.

4 MR. SILVERBERG: Perfect.

5 A. Say that again.

6 Q. Sure. For clarity, yes or no, were you
7 able to verify your 2008 conversation with Mr. Skates
8 with regard to resetting the clock as to Tauriga?

9 MR. HERZOG: For clarity, tell him
10 again what you did.

11 MR. SILVERBERG: Sir, you are not
12 allowed to instruct the witness how to answer a
13 question.

14 MR. HERZOG: You are not allowed to
15 keep asking the witness the same question.

16 MR. SILVERBERG: You are improperly
17 doing speaking objections. You know it is proper.

18 MR. HERZOG: Ask proper questions I
19 won't say anything. You keep asking the same
20 question time after time after time.

21 A. The answer to my question should be you
22 should be able to glean from my response the answer
23 to your question.

24 Q. And I choose not to glean and I am asking
25 you direct. Yes or no, were you able to verify the

1 conversation with Mr. Skates regarding Tauriga in
2 2008 about resetting the clock?

3 A. I told you before he didn't recall the
4 conversation.

5 Q. I understand that. Were you able to verify
6 it, sir, yes or no?

7 A. I was able to verify that I spoke to him.
8 I am able to verify that he didn't recall the
9 conversation.

10 Q. How are you able to verify that you spoke
11 to him in 2008?

12 A. There is no witness on that, okay. I mean
13 it was just at the forum we spoke.

14 Q. So there is no way to verify that 2008
15 conversation with Mr. Skates?

16 MR. HERZOG: Object to the form.

17 A. We only spoke at the forum and I told you
18 what happened.

19 Q. But there is other ways to verify things,
20 correct? So I am asking you is there any other way?

21 It is a simple yes or no.

22 A. And I have told you before that I believe
23 that, you know, the SEC and the PCAOB do entertain
24 these conversations on an informal basis.

25 Q. But they are not binding, are they?

1 A. Ever hear anything binding with the PCAOB
2 or the SEC?

3 Q. They issue orders and rules and regulations
4 that are binding. Do you agree?

5 A. Yes.

6 Q. So they do issue binding matters.

7 A. Only enforcement matters.

8 Q. I just want to know are you able to verify
9 the alleged conversation that happened in 2008
10 between you and Mr. Skates regarding Tauriga and
11 resetting the clock?

12 MR. HERZOG: Objection.

13 A. There were no witnesses.

14 Q. You are asking me to glean and I am asking
15 for absolute clarity. Are you able to verify, yes or
16 no?

17 MR. HERZOG: Objection. Verify in his
18 mind, in your mind, in Skates' mind?

19 Q. Okay. I will reask the question. Are you
20 able to independently verify that you had a
21 conversation in 2008 with Mr. Skates regarding
22 Tauriga and resetting the clock?

23 A. I wouldn't have written a memo to my files
24 if I didn't have the conversation back in 2008 and
25 you can certainly see that the file date has not

1 changed, so that would be indication that I did have.

2 I mean it was well before any enforcement action by
3 the PCAOB, so that's my verification.

4 Q. Is that the only verification you have?

5 A. It is the only verification I have.

6 Q. That is the only verification as to Mr.
7 Skates, correct?

8 A. Pardon me?

9 Q. That is the only verification as to Mr.
10 Skates, correct?

11 A. Well, same thing with the guy at the SEC.

12 Q. So you believe the memo is the only form of
13 verification as to Skates and Bailey as to your 2008
14 conversation about resetting the clock, correct?

15 A. That's correct.

16 Q. Did you attempt to follow up with Mr.
17 Bailey after receiving the informal letter from the
18 PCAOB in 2014?

19 A. Yes. Well, I did it as soon as the
20 inspection team notified me. There is a gap between
21 the inspection finding and the informal letter.

22 Q. Were you able to reach Mr. Bailey?

23 A. No, I was not able to reach him.

24 Q. Did you speak to anyone else at the SEC
25 with regarding your position about the restarting of

1 the clock as to the partner rotation for audits?

2 A. I did.

3 Q. What were you informed?

4 A. They had agreed with the management change,
5 director change. Then they added another premise as
6 far as whether there was a change in the accounting
7 department. That came out of the blue. That was
8 never discussed previously. Had there been a change
9 in the accounting department, I think they would have
10 agreed with me.

11 Q. Who at the SEC did you speak to in 2014
12 that informed you of that position?

13 A. Also discussed it after the phone.

14 MR. HERZOG: Just answer his
15 question.

16 A. I don't have a record of those names, but
17 the phone call is logged in.

18 Q. What do you mean logged in?

19 A. They keep a record of whom they discussed
20 and when they discussed, the SEC.

21 Q. By your comment of discussed, I would
22 assume that the condition of a change in the
23 accounting department would not be something that
24 occurred with Tauriga, correct?

25 A. They didn't have an accounting department.

1 They used outside professionals who were independent
2 of the company.

3 Q. But the position the SEC took when you
4 spoke to them in 2014 did not qualify for change in
5 the clock associated with Tauriga and your services,
6 correct?

7 A. On an after-the-fact basis, yes, but to the
8 point, they do review individual situations as I
9 spoke to you before about. It is not a hard -- even
10 though the rule is written hard and fast in the
11 regulation, they do take case-by-case basis, so that
12 supports my original position way back when.

13 Q. But in 2008 you knew that was a position of
14 those people and a possibility that if you ever got
15 investigated that it would not be necessarily the
16 position of the investigator, correct?

17 A. No. I assumed that what I heard from the
18 PCAOB and the SEC was authoritative and that would
19 hold up. I never had a second thought that I didn't
20 have a change in clock. I am a pretty honorable guy,
21 so I wouldn't do anything illegal or irresponsible.

22 Q. Based on your experience, haven't you seen
23 the SEC over time, even in a matter of a year or two,
24 change positions on either interpretation of their
25 rules or exceptions to their rules?

1 A. Have I seen?

2 Q. Yes.

3 A. The SEC interprets the rules the way they
4 want, so does the PCAOB.

5 Q. So they can look at two very similar fact
6 circumstances and come up with two very different
7 decisions, correct?

8 A. I think so.

9 Q. This has been the way of the PCAOB since
10 they came in, correct?

11 A. If you talk to a different group of people,
12 you may get a different set of answers.

13 Q. And the same goes for the SEC, correct?

14 A. Absolutely.

15 Q. So don't you agree that although you are
16 honorable and you believe they should have stuck to
17 their word, it was a mistake to just trust the
18 informal conversations?

19 A. You are going back to the same question
20 again. I told you what I did and that stands.

21 Q. I am not asking you about what you did. I
22 am actually taking your word that you are honorable
23 and I am saying was it a mistake to rely on the
24 informal conversations based on your knowledge about
25 how the PCAOB and SEC operate?

1 A. On hindsight it may have, yes.

2 Q. Is there any way on hindsight that it was
3 not a mistake?

4 A. I don't have an answer to that.

5 Q. Clearly I believe you did not intend for
6 what happened with Tauriga to happen, correct?

7 A. Absolutely.

8 Q. If I say that I believe you that you had
9 the '08 conversations or relied on that, but we both
10 know the PCAOB and the SEC do change their mind over
11 time depending on who you talk to, depending on the
12 circumstances, it is clearly a mistake to just flat
13 out rely on those conversations, correct?

14 MR. HERZOG: Asked and answered.

15 THE WITNESS: Pardon me?

16 A. Again we are going back to the same
17 situation.

18 Q. I am asking for an answer.

19 A. Pardon me?

20 Q. I am asking for an answer.

21 A. I relied on my memo which was fully
22 documented at that time and I trusted the people I
23 was speaking to and, you know, Greg Skates is one of
24 the most highest ranking people in the PCAOB and
25 chief accountant's office, you can't get any higher,

1 so I documented my findings and I stand by my
2 document. It hasn't been changed.

3 Q. That document, that memo that we are
4 talking about didn't change the way the PCAOB ruled
5 on the rotation associated with Tauriga, correct?

6 A. That's correct.

7 Q. So don't you think it was a mistake to just
8 orally rely on that --

9 MR. HERZOG: Asked and answered.

10 Q. -- considering your knowledge about how the
11 PCAOB and the SEC work?

12 A. I don't think I did anything different than
13 any other respectable accountant who has informal
14 discussions with a governing body.

15 Q. I am going to go down that path and we can
16 talk about that, but I am simply asking you
17 considering the informal discussions in '08 and what
18 occurred based on the PCAOB investigation of the
19 rotation of partners relating to Tauriga and the fact
20 you didn't notify Tauriga of this issue, don't you
21 think it was just a mistake?

22 MR. HERZOG: Asked and answered.

23 Q. Yes or no?

24 A. Based upon my original discussions back in
25 November '08, based upon the negotiations our PCAOB

1 attorney had with the PCAOB in the settlement
2 structure, I don't think it was a mistake.

3 Q. So it is your position the PCAOB was just
4 flat out wrong in their censure?

5 A. Personally, yes. I got hung out to dry.

6 Q. Are you aware of any personal vendetta that
7 they came after you specifically?

8 A. No.

9 Q. Are you aware of any vendetta against Cowan
10 & Company that this occurred?

11 A. No.

12 Q. Based on your experience of dealing with
13 the PCAOB and the SEC and the fact that they can
14 change their opinion based on who you ask and time
15 and circumstance, do you believe sitting here today
16 that you should have notified Tauriga of a potential
17 risk if the clock wasn't deemed to restart?

18 A. Based upon our discussions and negotiations
19 of our PCAOB attorney, no.

20 Q. But those negotiations and discussions did
21 not change the fact that you were considered not
22 independent associated with Tauriga's year end 2014
23 audit, correct?

24 A. That's correct.

25 Q. So clearly there is a mistake somewhere,

1 correct?

2 MR. HERZOG: Object to the form.

3 A. I don't believe so. Based upon our
4 discussions, we were led to believe there was no
5 further ramifications related to the firm or our
6 impact on Tauriga. That is what we were led to
7 believe.

8 Q. How were you specifically led to believe
9 that?

10 A. Via telephone conversations.

11 Q. What words, by who, at what time led you to
12 believe that?

13 A. There were several conversations, you know,
14 between the time we hired the PCAOB attorney and the
15 time the settlement offer came out and there was
16 never a mention that we were going to be fined,
17 disbarred or any impact on any of our clients other
18 than this censure, public censure.

19 Q. Was there any inquiry by Cowan associates
20 employees or its employees or its professionals if
21 there would be any ramifications on Tauriga?

22 A. Based upon our conversations with the
23 attorneys didn't lead us to believe that we should do
24 any further, investigation.

25 Q. So is it your position the fact that the

1 PCAOB didn't say that they are going to go after
2 Tauriga or report Tauriga means that you just sit
3 quiet and not ask if there is any ramifications to
4 your client?

5 MR. HERZOG: Object to the form.

6 A. Why would the PCAOB go after Tauriga?

7 Q. Well, they could forward the information
8 that you were not independent?

9 A. They did not do that.

10 Q. I didn't say they did it, did I?

11 A. Huh?

12 Q. I didn't say they did it. I said give me
13 an example.

14 A. We are not aware they did it. I am sure
15 Seth would have called me and told me.

16 Q. I am not asking you what actually occurred.
17 I am saying the fact that they didn't tell you that
18 they would or would not go after Tauriga, that was
19 sufficient in your mind that Tauriga was protected?

20 MR. HERZOG: Object to the form.

21 A. Yes.

22 Q. With years of experience as a lead audit
23 partner for issuers, is silence sufficient as a
24 verification?

25 MR. HERZOG: Object to the form.

1 A. I don't understand the question.

2 Q. Let's take the scenario you are in
3 negotiations with the PCAOB about settling Cowan &
4 Company, Mr. Meyler's issue, and there is no mention
5 of any ramifications on Tauriga or lack of
6 ramifications. Is that sufficient based on your
7 years of experience as a lead audit partner for an
8 issuer to rely that that is verification they won't
9 go after them?

10 A. Although I think Tauriga was subject of the
11 discussion, was the issuer in question, the situation
12 between the PCAOB and Cowan was that's what it was.
13 It was a situation between Cowan and the PCAOB. It
14 wasn't between PCAOB and Tauriga and if there was no
15 further ramifications against the firm as far as
16 doing public work or issuance of reports, I don't
17 think it was necessary to alarm a client. I mean if
18 you get into a situation with your regulatory body,
19 do you go telling all your clients? I am sure The
20 Big Four don't do that. They are on the hook every
21 day. They don't go telling their clients if they
22 don't think there is a problem.

23 Q. The discussion with the PCAOB and the
24 eventual settlement and censure was that you lacked
25 independence associated with the 2014 year ending

1 audit, correct?

2 MR. HERZOG: You being the firm?

3 MR. SILVERBERG: The firm and Mr.
4 Meyler.

5 MR. HERZOG: Can you read that back
6 please?

7 (Whereupon there was a record read.)

8 MR. HERZOG: Object to the form.

9 A. I believe that was in the censure.

10 Q. So isn't your independence for the audit of
11 year ending 2014 critical to Tauriga's obligations as
12 an issuer?

13 A. In all our discussions and negotiations, in
14 all our discussions with the PCAOB attorney and their
15 negotiations with the PCAOB, we were never told that
16 we couldn't reissue that report.

17 Q. You were never told that you could reissue
18 a report, correct?

19 A. Well, if you were never told you couldn't
20 reissue it, you would assume there wasn't an issue.

21 Q. So as a lead auditor for an issuer, you are
22 comfortable with that assumption?

23 A. We were going strictly based upon the
24 conversations we had with our attorneys.

25 Q. I am asking you were you as a lead auditor

1 for the issuer of Tauriga comfortable with the fact
2 that you were told you couldn't to mean that you
3 could, that assumption?

4 MR. HERZOG: Asked and answered.

5 A. We were never told we could not and I, you
6 know, I wasn't privy to the negotiations between the
7 attorneys and the PCAOB, but I would assume they
8 discussed in detail what we could and could not do
9 and we were never told we could not.

10 Q. Did your lawyer after the discussions with
11 the PCAOB tell you you could reissue year end 2014
12 for Tauriga?

13 A. No, he did not.

14 Q. So it was an assumption by you, correct?

15 A. You are making that assumption. I am
16 telling you what the discussions we had between
17 attorney and members of the Cowan firm. We were
18 never told we could not. We were never told that we
19 were disbarred from doing any accounting for any
20 client.

21 Q. Did the PCAOB clear you to do anything
22 specific?

23 A. I don't think they would. It is not their
24 nature.

25 Q. Did the PCAOB inform you that your clock

1 was restarted as to Tauriga on the partner rotation?

2 A. No. Did you see it in there?

3 MR. HERZOG: Just answer his question.

4 Q. Did your attorneys that were handling the
5 PCAOB matter tell you that your clock was restarted
6 as to the auditor partner rotation rules for Tauriga?

7 A. No.

8 Q. So if you were censured for violating the
9 five-year rule, how could you do year six if your
10 clock wasn't restarted?

11 MR. HERZOG: Object to the form of the
12 question.

13 A. Year six.

14 Q. I will clarify my question.

15 A. The '14 happened -- the '14 was done before
16 the inspection. The '14 was in process and the
17 report was issued, but the PCAOB chose to look at '13
18 because we were in the 45-day cleanup period, so they
19 looked at '13, so everything transpired before they
20 even left.

21 Q. The determination from the PCAOB was you
22 are not independent as to Tauriga for year end '13,
23 correct?

24 MR. HERZOG: Object to the form of the
25 question.

1 A. No. It was for '14.

2 Q. So you understood from the censure from the
3 PCAOB that Bill Meyler and Cowan & Company were not
4 considered independent associated with Tauriga
5 because it did not rotate partners, correct?

6 MR. HERZOG: Object to the form.

7 A. No, because when the inspector left he
8 didn't say we had to withdraw that report. He
9 didn't. That report was filed, he saw it, he didn't
10 say that we had a problem.

11 Q. But they told you you were not independent,
12 correct?

13 MR. HERZOG: Objection.

14 A. They did, but they didn't -- they chose not
15 to tell us to withdraw the report.

16 Q. If you knew based on your settlement in the
17 censure from the PCAOB that you were not independent,
18 how could you reissue year end 2014 for Tauriga?

19 MR. HERZOG: Object to the form of the
20 question.

21 A. I told you in negotiations and the
22 settlement we were never told. We were told that we
23 were not being fined, we were not being prohibited
24 from doing any accounting or auditing work or
25 issuance of reports. We were only getting the public

1 censure. That is what we were told, so --

2 Q. But you were told you were not independent
3 as to Tauriga, correct?

4 MR. HERZOG: Objection.

5 A. It is in the censure.

6 MR. HERZOG: Can we go off the record
7 a second?

8 MR. SILVERBERG: No. Let me finish my
9 line of questions.

10 MR. HERZOG: I am going to object and
11 ask you when you say you were told to be specific.
12 You are jumping back and forth through various
13 conversations.

14 MR. SILVERBERG: Please do not do a
15 speaking objection.

16 MR. HERZOG: I can only go off the
17 record. You're not leaving me any choice.

18 MR. SILVERBERG: You can ask
19 clarification questions at the end.

20 MR. HERZOG: It doesn't remedy an
21 improper question.

22 MR. SILVERBERG: That is what your
23 objection is and it is not supposed to be speaking,
24 so please stop.

25 Q. When you offered to reissue Tauriga's year

1 end 2014 audit, you were aware that the PCAOB
2 considered you not independent, correct?

3 MR. HERZOG: Objection.

4 A. No.

5 Q. How did you not know that?

6 A. 'Cause I didn't see -- we hadn't seen the
7 final documents I don't think at that time.

8 Q. But prior to the final censure you were in
9 settlement negotiations where you were agreeing that
10 you were not independent, correct?

11 MR. HERZOG: Objection.

12 A. But in those settlement negotiations, as I
13 told you before, they never came back and said that
14 we couldn't reissue.

15 Q. I understand that. All I am simply asking
16 is for confirmation you knew from your settlement
17 that you were not independent associated with Tauriga
18 prior to offering to reissue the year end 2014 audit,
19 correct?

20 MR. HERZOG: Objection.

21 A. That is a little fuzzy.

22 Q. Okay. For an auditor, what do you mean
23 that is fuzzy?

24 A. Well, if you are in negotiations and you
25 are being told that there is no ramifications against

1 the firm other than taking the public censure, why
2 would I think I couldn't issue that report?

3 Q. Because part of taking the censure was the
4 fact you were declared to fail to properly rotate.

5 MR. HERZOG: Objection.

6 A. But usually in order the PCAOB lays out all
7 the ramifications and the consequences of an auditor,
8 this order did not lay out any consequences.

9 Q. The material part of the order was Rule
10 2-01 of the commission regulation S-X provides an
11 accountant is not independent of an audit client when
12 an audit partner performs the services of lead or
13 concurring audit partner for the same issuer for more
14 than five years and within the five consecutive-year
15 period following the performance of the services for
16 the maximum period permitted, correct?

17 A. Correct.

18 Q. You were censured for violating Rule 2-01
19 of the commission regulation S-X, correct?

20 MR. HERZOG: Objection.

21 A. Yes.

22 Q. So you knew in your settlement that they
23 considered you not independent because of your
24 violation as to Tauriga?

25 MR. HERZOG: Objection.

1 A. Yes, but they didn't lay out in the order
2 the consequences that they were going to take against
3 us other than a public censure which we were told is
4 the most lenient penalty that they would inflict upon
5 anybody. You would agree with that. You are shaking
6 your head. Yes or no?

7 Q. I am not allowed to answer. This is the
8 deposition for you.

9 MR. SILVERBERG: Let's go off the
10 record.

11 (Whereupon there was an off-the-record
12 discussion.).

13 Q. Sir, I am going to show you what has been
14 marked as Exhibit One. It corresponds with Cowan
15 000471. Can you identify that document for me?

16 A. Yes.

17 Q. What is it?

18 A. Huh?

19 Q. What is it?

20 A. It is my memo that I wrote concerning my
21 conversations with the PCAOB and the SEC.

22 Q. It is your position that you wrote that
23 memo on the date indicated there of November tenth
24 2008?

25 A. Yes.

1 Q. Is that the date you wrote the memo or the
2 date you spoke to Mr. Bailey or the day you spoke to
3 Mr. Skates?

4 A. It is the day I had discussion with Bailey.

5 Q. Do you see in Exhibit One Mr. Skates' name
6 mentioned at all?

7 A. I do. Actually I should correct myself on
8 the record. I met him in Philadelphia, not New York.
9 That was the only year I went to Philadelphia.

10 Q. Was a copy either in paper or electronic of
11 Exhibit One placed in the Tauriga files in 2008?

12 A. Don't recall.

13 Q. Prior to today, have you looked in the
14 Tauriga files to determine if Exhibit One is in
15 there?

16 A. No.

17 Q. Do you have the Tauriga files from 2008?

18 A. I hope so although the statute has passed.

19 Q. When was the last time you looked for the
20 Tauriga files that were the paper ones that
21 preexisted you joining Cowan & Company?

22 A. The letter that we got for the informal
23 inquiry asked for some information prior to the
24 merger with Cowan, so they asked for some documents
25 and we had to go back to those papers to get it.

1 Q. Did you go back as far as 2008?

2 A. No.

3 Q. These documents are sitting in a storage,
4 correct?

5 A. Yes.

6 Q. What is the name of the storage location?

7 A. Centennial Self Storage.

8 Q. What city?

9 A. Clinton, New Jersey. Long ways from here.

10 Q. Not asking you to drive during lunch.

11 Do you have a procedure or policy or practice as
12 to eliminating or removing documents from that
13 storage regarding historical audit work?

14 A. No. There hasn't been anything removed
15 since we put it in there.

16 Q. So you have all belief that dating back to
17 2005 year end is in storage?

18 A. I don't go back that far.

19 Q. Do you go back to 2008?

20 A. I would the seven-year statute. Six, seven
21 or eight, yeah, I would think so. I mean I follow
22 the statute, so whatever the statute is it is there.
23 Asking me to find it would be another thing, but it
24 is there.

25 Q. Can I have Exhibit One back for a second?

1 Thank you.

2 A. Not very organized up there.

3 Q. I am going to ask you to look before I mark
4 things. I don't want to mark them together if they
5 didn't come together. Actually I know they didn't
6 come together. Let's mark this as Exhibit Two.

7 Let's wait to mark it. Sir, I am going to show you a
8 cover letter dated September 15, 2014 with bates
9 Cowan 5081 and after it a report that goes from Cowan
10 5082 through 5094 and ask if these came together or
11 the letter came separate, so appropriately mark it?

12 A. The question is did they come together?

13 MR. HERZOG: Or not?

14 A. I believe they came together.

15 Q. Perfect. So let's mark that as Exhibit Two
16 please.

17 A. At least this confirms the date we said
18 earlier, '14, August '14.

19 (Whereupon the reporter received and
20 marked Exhibit Two for Identification.)

21 Q. Sir, now so it is formal, this is now
22 officially Exhibit Two and it is made up of Cowan
23 5081 through and including Cowan 5094. Can you tell
24 me what this document is?

25 MR. HERZOG: Objection.

1 A. This is the inspection report, the
2 preliminary inspection report from the PCAOB as a
3 result of the inspection of August '14.

4 Q. Did you have the ability to respond to that
5 draft report?

6 A. Yes.

7 Q. Did you respond to that draft report?

8 A. Yes.

9 Q. Prior to supplying the documents to your
10 counsel in response to the request for production in
11 this case, did you review documents?

12 A. If I was familiar with a document I did
13 not. I just skimmed through it. If it was an older
14 document I probably looked it over.

15 Q. Do you recall seeing the initial PCAOB
16 informal investigation letter that you testified to
17 earlier?

18 A. I saw it, yes.

19 Q. As part of the production in this case?

20 A. Yes.

21 Q. Is that the first time you became aware
22 that the PCAOB was concerned with your independence
23 for failure to rotate associated with Tauriga?

24 A. Yes.

25 Q. At any time after you received the informal

1 inquiry from the PCAOB, did you consider notifying
2 Tauriga of a potential lack of independence?

3 A. No.

4 Q. Did you ever consult with anybody whether
5 you should notify Tauriga as to the potential lack of
6 independence?

7 A. No. It was informal.

8 Q. I am saying anytime subsequent to the
9 informal inquiry, did you ever consult with anyone?

10 A. No, other than our PCAOB attorneys.

11 Q. So did you formally consult your PCAOB
12 lawyer whether you should notify Tauriga of the
13 potential lack of independence issue?

14 A. No, we didn't.

15 Q. Is there any internal rules or procedures
16 at Cowan & Company that you consulted to determine
17 whether or not you should notify Tauriga of the
18 potential lack of independence?

19 A. Not that I am aware of.

20 Q. Did you consult any external rule,
21 regulation, opinion, ethics code about whether you
22 should notify Tauriga at any time after you received
23 the informal investigation about your potential lack
24 of independence?

25 A. Are you referring to the December inquiry?

1 Q. I am talking about from when you first got
2 put on notice that there may be a lack of
3 independence associated with Tauriga, did you consult
4 anything?

5 A. Well, there was no need to consult anything
6 because the PCAOB hadn't taken any action against us
7 at that time. It was just informal. They didn't
8 raise it to a formal investigation at that point in
9 time.

10 Q. Right. I am merely using a point in time
11 when you first got put on notice of the informal
12 investigation to the first time you actually notified
13 them, Tauriga, did you consult anything to determine
14 when and if you should notify Tauriga of your
15 potential lack of independence?

16 A. We only spoke to our attorneys who led us
17 to believe that the only ramification was to censure
18 and then we had no issues with respect to reporting,
19 issuance of reports, etcetera.

20 Q. My question is different. My question is
21 did you consult anything or anyone about whether you
22 should notify Tauriga from the date you first were
23 aware that you may not be potentially independent to
24 the day of the censure?

25 MR. HERZOG: Asked and answered.

1 A. I have answered that question. We have had
2 numerous conversations with our PCAOB attorney. I
3 would have thought that if there was an issue it
4 would have been put forth to us.

5 Q. So besides your attorneys that handled the
6 PCAOB matter, did you consult anything else?

7 A. No.

8 Q. Did you specifically ask your PCAOB counsel
9 whether or not you can reissue the 2014 audit for
10 Tauriga?

11 A. They continued to tell us that there were
12 no ramifications against us, so the question never
13 came up.

14 Q. Did you ask anybody whether or not you were
15 considered independent pursuant to the audit partner
16 rotation rule as to Tauriga to reissue year end 2014
17 audit?

18 A. Other than our PCAOB attorneys we consulted
19 nobody and in all our negotiations and discussions,
20 in all the negotiations that we were led to believe
21 that they were having with the PCAOB and they are
22 reiterating that back to us, there was never
23 indication, any indication to us that we had any
24 problems from an accounting and auditing standpoint,
25 okay, and I was not the only one on those phone

1 calls. There were other members of the Cowan firm.
2 I never took a call by myself. I always made sure
3 there was someone there, so that is your
4 verification.

5 Q. Did anyone at Cowan & Company raise an
6 inquiry or a question or a comment to anybody about
7 the status of being independent as to the reissuance
8 of the 2014 audit for Tauriga?

9 A. Based upon the conversations that we were
10 having with our PCAOB attorneys, there wasn't a need
11 to raise any questions.

12 Q. In those conversations they never told you
13 you were okay to, correct?

14 MR. HERZOG: Asked and answered.

15 A. I don't believe we ever got to that level
16 of detail.

17 Q. Your counsel never advised you that the
18 PCAOB considered you independent, correct, as to
19 Tauriga?

20 A. Never advised us.

21 Q. So at the time of the censure, you knew you
22 were not independent as to Tauriga, but you were
23 never given a list of things you couldn't do. That
24 was the status you were left with, correct?

25 MR. HERZOG: Object to the form.

1 A. Basically, yes.

2 MR. SILVERBERG: Why don't we take a
3 lunch break before it gets much later.

4 (Whereupon there was a lunch break.)

5 Q. Good afternoon.

6 A. Good afternoon.

7 Q. Prior to the actual issuance of the PCAOB
8 censure, were you aware that it was going to be
9 public?

10 A. Yes.

11 Q. Were you aware that the SEC reviews and
12 looks for audit-related issues through public means,
13 publicly available information?

14 A. I think I was aware of that.

15 Q. So it would be safe to say that you knew
16 that if there was any ramifications that came out of
17 the censure, you never got clearance from the SEC
18 that they wouldn't do anything to Tauriga or Cowan &
19 Company, correct?

20 A. That's correct.

21 Q. So why did you not think it was important
22 when you were negotiating a settlement of a public
23 censure related to Tauriga to notify them before it
24 went public that there could be possibly
25 ramifications due to your lack of independence?

1 A. As I indicated before, there are
2 negotiations and settlement with the PCAOB. There
3 was never an indication that we would be barred from
4 reissuing that report.

5 Q. Was the PCAOB negotiations including the
6 SEC?

7 A. I don't believe so. I think everything was
8 strictly with the PCAOB.

9 Q. So you understand they are two separate
10 agencies, correct?

11 A. Yes.

12 Q. They could rule differently on the same
13 matter, correct?

14 A. I believe you are right.

15 Q. You would hope they would take into
16 consideration the others' position, but they clearly
17 could rule differently, correct?

18 A. They could rule differently.

19 Q. The PCAOB has no regulatory power over
20 Tauriga, correct, directly?

21 A. I would agree with that.

22 Q. Where on the other hand the SEC has direct
23 regulatory power over Tauriga, correct?

24 A. I would agree with that.

25 Q. So a public disclosure that Tauriga's

1 auditors were not independent for the year ending
2 2014 would reasonably cause a red flag to the SEC,
3 correct?

4 MR. HERZOG: Object to the form.

5 A. I don't know the answer to that.

6 Q. If Tauriga told you they wanted to use
7 auditors that were a 20 percent shareholder, wouldn't
8 you advise them there is an independence issue?

9 A. Yes.

10 Q. When Tauriga's bills became delayed and
11 unpaid with Cowan & Company, you advised them that
12 this could create an independence issue, correct?

13 A. Yes.

14 Q. You knew the ramifications of that
15 independence issue would have implications on
16 Tauriga's SEC filings, correct?

17 A. Yes.

18 Q. The year end 2014 audit that Cowan &
19 Company did was for its SEC filings, correct?

20 A. Yes.

21 Q. So if the year end 2014 was not done by an
22 independent auditor, it would raise an issue with the
23 SEC, correct?

24 MR. HERZOG: Object to the form.

25 A. Yes.

1 Q. In fact, you were aware of that issue
2 because you offered to reissue the year end 2014
3 audit, correct?

4 A. Yes.

5 Q. So we have established you knew that the
6 year end 2014 audit by Cowan & Company for Tauriga
7 did not meet the regulatory guidelines, correct?

8 A. And we wouldn't have issued unless it met
9 the regulatory guidelines.

10 Q. Except for your assumption that you were
11 independent was wrong per the PCAOB?

12 A. Right.

13 Q. So it did not meet the standards pursuant
14 to the PCAOB?

15 A. Well, we were never told that we could not
16 reissue it.

17 Q. We are not talking about the reissue. You
18 know the minute you start negotiating the settlement
19 with the PCAOB essentially admitting that you are not
20 independent and allowing only a censure that there is
21 a problem with Tauriga's 2014 year end?

22 MR. HERZOG: Object to the form.

23 A. Yes.

24 Q. Your position was knowing that and after
25 the actual censure becomes public, hey Tauriga, we

1 will reissue your year end 2014, correct?

2 A. We were doing that based upon the knowledge
3 that we had through our attorneys' negotiations with
4 the PCAOB. We didn't think that the settlement would
5 affect our independence.

6 Q. But you knew it would affect the already
7 completed Tauriga end of the year 2014 audit?

8 A. Obviously we weren't aware of that because
9 we told them we could reissue. We wouldn't have told
10 them that if based upon the negotiations we realized
11 we couldn't reissue.

12 Q. My question is not about the reissue. The
13 original year end 2014 audit you did you knew was
14 bad, correct?

15 MR. HERZOG: Object to the form.

16 Q. Was not sufficient to meet regulatory
17 requirements?

18 A. We didn't know that at the time we issued
19 it.

20 Q. Right. But you knew at the time you were
21 negotiating your settlement with the PCAOB?

22 A. Obviously we knew there was an issue, but
23 we weren't told that the issue rose to the level
24 where we couldn't reissue.

25 Q. Who came up with the idea first of Cowan &

1 Company reissuing the 2014 year end for Tauriga?

2 MR. HERZOG: Objection to form.

3 A. Who came up with the idea?

4 Q. Yes.

5 A. We were dismissed and the new successor
6 auditor was going to audit '14 and '15. That is what
7 we were told and when it got down to the point where
8 they didn't think that they could or when they had
9 sufficient time to complete '14 and '15, new
10 auditors, Seth Shaw came to me and asked me if I
11 could reissue.

12 Q. What was your response to Mr. Shaw?

13 A. I said yes.

14 Q. What was your basis to think that you could
15 reaudit year end 2014?

16 MR. HERZOG: Object. Not what he
17 said.

18 Q. You can answer.

19 A. You objected because that is not what I
20 said.

21 Q. Do you disagree with the way I asked my
22 question?

23 A. I am not sure. Can you repeat it?

24 Q. Sure.

25 MR. HERZOG: Listen carefully.

1 (Whereupon there was a record read.)

2 A. We had no basis to believe that we could
3 not because of our purported settlement agreement
4 with the PCAOB which we were advised included no
5 other ramifications against Cowan & Company and
6 myself other than the censure.

7 Q. Correct me if I am wrong. What you are
8 saying is they didn't take away Cowan and associates
9 right to be auditors, correct?

10 A. Right.

11 Q. They didn't put a suspension on Cowan &
12 Company, correct?

13 A. That's correct.

14 Q. In fact, really the censure said you
15 violated, at least to Tauriga, the five-year rotation
16 rule and, therefore, lost your independence as to
17 year-end 2014, correct?

18 MR. HERZOG: Object to the form.

19 A. Yes, but it did not, it cited that, but it
20 did not -- but through the behind-the-scenes
21 negotiations it was never told that we could not do
22 any more work for Tauriga.

23 Q. The flip coin is you weren't told you could
24 do any work for Tauriga, right?

25 A. Well, if you're not told you couldn't do

1 it, you could continue, that means you could do work.

2 Q. They didn't tell you you could continue?

3 MR. HERZOG: Asked and answered.

4 A. They didn't say we couldn't continue.

5 Q. But regardless of what the PCAOB states in
6 your censure and negotiations, you are still governed
7 by that partner rotation rule, correct?

8 A. Say that again.

9 Q. Regardless that the PCAOB didn't list the
10 things you couldn't do, you were still under your
11 ethical obligations and regulatory obligations,
12 correct?

13 A. On an ongoing basis, yes, but on a post
14 basis we were under the impression that the
15 settlement cured any infraction.

16 Q. How did you get to the assumption that that
17 settlement cured anything?

18 A. Because in conversation with our attorneys,
19 we were not led to believe anything other than that.

20 Q. Was there ever a conversation associated
21 with the settlement whether with a PCAOB or your
22 attorneys where you were informed that you were
23 independent going forward as to Tauriga?

24 A. I am not aware. I was not part of the
25 negotiation conversations, so I can't respond to

1 that.

2 Q. But your lawyers never told you that
3 either, correct?

4 A. No.

5 Q. Do you recall the date of the censure?

6 A. July 23rd.

7 Q. 2014, correct?

8 MR. HERZOG: Objection.

9 Q. 2015. Sorry.

10 A. I think it was '15.

11 Q. I didn't mean to mislead you. 2015.

12 A. You are throwing me a curve ball.

13 Q. Not intentional. I was looking at
14 something else.

15 What did Seth Shaw tell you about his need to
16 have year end 2014 reaudited or reissued?

17 A. He was, and I am paraphrasing a little bit,
18 but I think he was concerned that the successor
19 auditor would not be able to complete '14 and '15
20 simultaneously to meet the filing deadline.

21 Q. Did he tell you why he believed year end
22 2014 for Tauriga needed to be reissued or reaudited?

23 A. At that time we had these conversations we
24 were dismissed and the dismissal we were told that
25 the successor auditor would audit '14 and '15.

1 Q. But subsequently he comes to you and asks
2 you if you could reissue a reaudit year end 2014,
3 correct?

4 A. Reissue, yes.

5 Q. Did you ask him why the new auditor had to
6 reissue year end 2014?

7 MR. HERZOG: Object to the form.

8 A. Did I ask him why the new auditor had to do
9 '14?

10 MR. HERZOG: Listen to his question.
11 Read it back please.

12 (Whereupon there was a record read.)

13 A. No.

14 Q. Did you know the reason when he called you?

15 A. I pretty much guessed the reason, yes.

16 Q. What reason did you guess?

17 A. They didn't have sufficient time to
18 complete it and I think that's what he told me as
19 well now that I am thinking about it.

20 Q. Did you understand the reason why he needed
21 to even reaudit or reissue year end 2014?

22 A. I think under his predecessor there was a
23 fee dispute.

24 Q. With Cowan & Company?

25 A. Yes, between Stella, his predecessor, and

1 Cowan & Company there as a significant amount of
2 money owed and they thought that they could get it
3 reaudited cheaper than to pay Cowan.

4 Q. We are kind of going around in circles. I
5 am asking do you know why they were looking to have
6 year end 2014 reaudited or reissued?

7 MR. HERZOG: I thought he just
8 answered that.

9 MR. SILVERBERG: He didn't.

10 MR. HERZOG: I thought he just
11 answered that.

12 A. I just answered that.

13 Q. You finished year end 2014 Cowan & Company,
14 correct?

15 A. Right.

16 Q. In your opinion it met all standards except
17 for the PCAOB saying you weren't independent,
18 correct?

19 A. Correct.

20 Q. Is that the only reason you believe when
21 Seth Shaw called you about the issue that he was
22 seeking -- did you believe that was the reason why he
23 was seeking to have it reaudited or reissued?

24 A. He wanted us to reissue because the
25 successor couldn't get it done.

1 Q. Why would the successor need to reissue or
2 reaudit year end 2014?

3 A. I just told you there was a fee dispute
4 between the former CEO and Cowan about unpaid bills
5 and they thought they could have the successor audit,
6 reaudit '14 at a fee that was significantly less than
7 what they owed us, so therefore, they wouldn't have
8 to pay us.

9 Q. My question is much simpler. Why would
10 they need year end 2014 reaudited or reissued in the
11 first place if Cowan & Company did it already?

12 A. I don't know the answer to your question
13 other than what I just told you.

14 Q. Did Seth Shaw ever mention about needing to
15 reaudit year end 2013?

16 A. No.

17 Q. Or reissue year end 2013?

18 A. No.

19 Q. But he came to you about reissuing or
20 reauditing year end 2014, right?

21 A. Yes.

22 Q. What was the issue with the audit of year
23 end 2014 that it needed to be reissued or reaudited
24 by you or a different firm?

25 A. None that I am aware of.

1 Q. So you had no idea why he was seeking year
2 end 2014 to be reissued or reaudited?

3 A. Other than what he told me was that he was
4 concerned that the successor auditor could not get it
5 done on time and the filing date was within ten days.

6 Q. Did you know what filing date he was
7 talking about?

8 A. Yes.

9 Q. What filing date was he talking about?

10 A. I believe he was talking about the extended
11 date I think was due the 28th or 29th of June and he
12 had -- well, let me think about that. He did not and
13 he would have had it by July 15 or 14 he didn't make
14 that date, so he didn't have any of the -- he did not
15 meet any of the statutory filing dates and I think he
16 was on a 30-day cure period and he was anxious to get
17 filed and '15 had not been done, finished yet, and he
18 was worried about '14. That is my recollection.

19 Q. The cure period or the timing that he was
20 facing is because the SEC would not accept Cowan &
21 Company's previous 2014 year end audit, correct?

22 A. I don't believe so.

23 Q. What do you think he was doing on a
24 deadline?

25 A. Well, he was on the verge of getting

1 delisted for not filing properly.

2 Q. What was he not filing properly?

3 A. His 10K.

4 Q. What did the 10K --

5 A. Or not filing timely.

6 Q. What did the 10K require to be properly
7 filed?

8 A. 2014, '15 financials.

9 Q. Audited financials, correct?

10 A. Right. When he came to me the censure
11 wasn't even out.

12 Q. But he at that time did not know that there
13 was an independence problem with Cowan & Company,
14 correct?

15 MR. HERZOG: Object to the form.

16 A. That's correct.

17 Q. What dollar amount would Cowan & Company
18 lose independence from Tauriga as far as outstanding
19 accounts receivable?

20 MR. HERZOG: Can you read that back?

21 (Whereupon there was a record read.)

22 MR. HERZOG: Object to the form.

23 A. I am sorry, can you read that slowly?

24 (Whereupon there was a record read.)

25 A. At that time I think Cowan was owed

1 something like \$98,000.

2 Q. Was that a sufficient amount for Cowan &
3 Company to lose its independent status with Tauriga?

4 A. It was less than that.

5 Q. So for less money it would lose its
6 independence?

7 A. Yes.

8 Q. What amount?

9 A. I think it was in the \$25,000 range.

10 Q. How was that determined?

11 A. We applied all the cash he received on the
12 first in, first out basis to old outstanding invoices
13 and the audit came up short, the previous audit for
14 '14.

15 Q. Short meaning in payment?

16 A. Hadn't received enough cash to cover all of
17 the invoices billed to Tauriga up to and including
18 the 2014 audit.

19 Q. At Cowan & Company, is there a difference
20 between lead audit partner and engagement partner or
21 do they mean the same thing?

22 A. Same thing.

23 Q. Does the client have any say on who the
24 lead audit partner is at an auditing firm?

25 A. Yeah, sure.

1 Q. Is there a requirement to notify an issuer
2 client of a change in lead audit partner?

3 A. I don't know if there is a specific
4 requirement, but it is a courtesy that you do that.

5 Q. If there was a change in lead audit
6 partner, would that mean the communication between
7 the client and the auditor would be then through that
8 person, the new person?

9 MR. HERZOG: Object to the form.

10 A. Through the new person, yes.

11 Q. Would the old lead audit partner be able to
12 communicate with the client?

13 A. Not on accounting matters.

14 Q. What kind of matters would they be able to
15 continue to contact the client on?

16 A. I mean if there was a friendship there,
17 could do that, but with respect to accounting and
18 auditing and anything with respect to the audit,
19 those matters should go through the new lead partner.

20 Q. So let's say it this way. Social things of
21 course they are allowed to continue to communicate as
22 long as it doesn't violate the firm's overall
23 independence, right?

24 A. Right.

25 Q. But as to business matters, audit matters,

1 accounting matters, document matters, that should be
2 through the new lead audit partner, correct?

3 A. Yes.

4 (Whereupon the reporter received and
5 marked Exhibit Three for Identification.)

6 Q. I am going to show you what has been marked
7 as Exhibit Three and corresponds with Cowan 000154.

8 After your attorney looks at it, would you let me
9 know if you are familiar with that document?

10 A. I am familiar with it.

11 Q. Can you tell me what it is?

12 A. That was a document when we got the letter,
13 the informal enforcement action in December '14.
14 That was a form that was requested as part of the
15 response to that document.

16 Q. Did you participate in the creation of
17 Exhibit Three?

18 A. I did.

19 Q. Were you the actual author of Exhibit
20 Three?

21 A. I believe so.

22 Q. Were you the person at Cowan & Company that
23 was ultimately responsible for the accuracy of
24 Exhibit Three?

25 A. I believe so.

1 Q. Are you aware of any communications that
2 exist that show you stopped being the engagement
3 partner or the lead audit partner at the time frame
4 indicated on Exhibit Three?

5 MR. HERZOG: Exhibit Two?

6 MR. SILVERBERG: Three.

7 Q. As counsel pointed out, there is an Exhibit
8 Two on the top that is not relevant to this case. We
9 are using the orange sticker, typical exhibit
10 sticker.

11 A. I don't understand what you are saying.

12 Q. Sure. You see your name is listed as the
13 engagement partner on each year except for the end,
14 correct?

15 A. Yes.

16 Q. What date does the claim that you were no
17 longer the lead audit partner or engagement partner
18 as utilized in that form?

19 A. I don't think there is a date, is there?

20 Q. There isn't time frames?

21 A. There is time frames, March 31st, '14.

22 Q. So that shows, according to that form, that
23 you stopped being the lead audit partner or the
24 engagement partner on March 31st 2014, correct?

25 A. No.

1 MR. HERZOG: Object to the form.

2 Q. What does it show was the last day you were
3 the engagement partner?

4 A. It doesn't show the last day I was the
5 engagement partner, but theoretically the last day I
6 was the engagement partner was when I filed the '14
7 report.

8 Q. May I have Exhibit Three?

9 A. Which would have been July 14.

10 Q. Do you agree or disagree that the second to
11 last section says period, April 1, 2014 to March 31,
12 2014, engagement partner William Meyler?

13 A. I agree with that.

14 Q. Okay. You agree that Exhibit Three states
15 period April 1, 2014 to present, engagement partner
16 David Moss?

17 A. I agree, but those are for fiscal year end,
18 not necessarily termination of completion of work.
19 The March 31st year end I was the engagement. That
20 is what I am being criticized here because I signed
21 off on March 31st, '14 which you can't audit March
22 31st '14 until April, May, June, okay.

23 Q. Okay. So are you saying by this form that
24 David Moss started working on Tauriga's year end
25 2015?

1 A. Yes.

2 Q. When was Tauriga notified that David Moss
3 would be their engagement partner or lead audit
4 partner for year end 2015?

5 A. I don't believe Tauriga was notified
6 because we were dismissed in June. That was on June
7 15th '15 we were dismissed.

8 Q. So Cowan & Company never did any work
9 toward Tauriga's year end 2015?

10 A. Did some quarterly reviews, but no audit
11 work.

12 Q. So David Moss was technically never the
13 engagement partner for Tauriga, correct?

14 A. There was never an audit engagement for
15 Tauriga subsequent to '14.

16 Q. Is that affirmative to my question?

17 A. Yes.

18 Q. Was David Moss added in order to show that
19 you changed after five years?

20 MR. HERZOG: Object to the form.

21 A. As a result of the inspection when we
22 realized we were being faced with independence
23 violations with respect to rotation and the fact that
24 PCAOB was not accepting my documentation for a new
25 clock, the firm immediately put Dave Moss on the job

1 as the lead partner.

2 Q. But weren't you ultimately confident that
3 you still had your independence, meaning you
4 personally, all the way through the time you offered
5 to do the reissue?

6 A. Yes.

7 Q. So I am going to ask you again about
8 Exhibit Three. Was Mr. Moss' name put on the list to
9 provide to PCAOB so it looked like there was a
10 rotation after five years as to Tauriga?

11 MR. HERZOG: Objection.

12 A. After six years as to Tauriga.

13 Q. Correct. After six years that it was just
14 an accident of one year and you corrected it by
15 yourself, correct?

16 MR. HERZOG: Objection.

17 A. Yes.

18 Q. Because Cowan & Company never notified --

19 A. No.

20 MR. HERZOG: Let him finish his
21 question.

22 Q. -- never notified Tauriga of a David Moss
23 becoming their engagement partner and lead audit
24 partner, correct?

25 A. I think that's true.

1 Q. In fact, I can pull out e-mails that you
2 had that you asked for money, you personally, as you
3 already started working on the year end 2015 for
4 Tauriga?

5 A. I don't believe we ever started working on
6 2015.

7 Q. When would work commence for Tauriga's 2015
8 year end?

9 A. We normally, because Tauriga's accounting
10 was always in a shamble, it took the outside people
11 that they hired a couple of months to get in shape or
12 to the point where it was auditable, so many times we
13 didn't start until June 15th and took the extension
14 and worked feverishly to finish up by the filing
15 date.

16 Q. So year end 2015 for Tauriga would be June
17 15th of '15?

18 A. We would have started early June say.

19 Q. So if you e-mailed Tauriga that you are
20 working on the audit, it would be the 2015 audit if
21 it was in June of '15, correct?

22 MR. HERZOG: Objection.

23 A. Yes.

24 Q. When was the year end 2014 audit completed?

25 A. I think in July, right around mid July '14.

1 (Whereupon the reporter received and
2 marked Exhibit Four for Identification.)

3 Q. I am showing you, sir, what is marked
4 Exhibit Four for today and corresponds with Cowan
5 008920.

6 MR. SILVERBERG: Counselor.

7 Q. And I do note for the record that I did
8 highlight a sentence to make this smoother, but I did
9 not impact the wording. Do you recognize that e-mail,
10 sir?

11 A. That is my e-mail.

12 Q. What do you say, sir, as highlighted?

13 A. Still working on the audit in anticipation
14 of a settlement.

15 Q. By that meant you are still working on
16 Tauriga's year end 2015 audit hoping that Cowan &
17 Company and Tauriga will reach an economic settlement
18 about the outstanding balance, correct?

19 MR. HERZOG: Objection.

20 A. Yes, but I physically wasn't working on the
21 audit or doing any of the work. I was just trying to
22 collect the bill.

23 Q. But in June of 2015 Tauriga believed that
24 you were the lead audit partner or engagement partner
25 for them, correct?

1 MR. HERZOG: Objection.

2 A. I believe so.

3 Q. In fact, they had no reason to know
4 otherwise, correct?

5 A. Correct.

6 MR. SILVERBERG: Do you mind if we
7 take a one-minute break?

8 (Whereupon there was a recess.)

9 Q. At Cowan & Company, who is currently the
10 ethics director?

11 A. I would say it is Kevin. I don't know that
12 they have someone with that title, but I guess it
13 would be Kevin Donovan.

14 Q. Who was it in '15?

15 A. Same person.

16 Q. Would you say from 2010 to current will be
17 him?

18 A. Well, from February '13 to current would be
19 him.

20 Q. Fair. Who is the quality control director
21 from 2013 to current at Cowan & Company?

22 A. It was either Kevin and he was the quality
23 control director or Bill McNamara. Either of those
24 two partners would serve as quality QC on the jobs.

25 Q. When PCAOB was coming in, did you know who

1 was the quality control director at that time for
2 Cowan & Company?

3 A. Yes.

4 Q. Who was it?

5 A. For Tauriga?

6 Q. No. For Cowan & Company?

7 A. I think it was Kevin Donovan.

8 Q. In 2014 who was the engagement director for
9 Cowan & Company?

10 A. Engagements director?

11 Q. Engagement director?

12 A. For what job?

13 Q. So you would say it is based on each
14 respective client?

15 A. Right.

16 Q. In 2014 who made up the committee of
17 directors for Cowan & Company?

18 A. Committee of directors?

19 Q. Yes.

20 A. What do you mean?

21 Q. Does Cowan & Company have a committee of
22 directors?

23 A. They have got -- how do you define? Well,
24 they are partners.

25 Q. So each partner is on the committee of

1 directors at Cowan & Company?

2 MR. HERZOG: Object to the form.

3 A. I would think so.

4 Q. But you're not sure?

5 A. Right, I am not sure.

6 Q. In 2014 who was the managing director?

7 A. Tom Cowan.

8 Q. In 2014, who was on the management QC
9 review? In 2014 who was at Cowan & Company the
10 engagement QC reviewer?

11 A. Well, depending on the job could be a
12 couple of different people.

13 Q. Sitting here today, are you familiar with
14 the quality control policies and system of Cowan &
15 Company?

16 A. Pretty much.

17 Q. Okay. Did Cowan's QC system exist prior to
18 the PCAOB informal inquiry?

19 A. Yes.

20 Q. When you joined through the acquisition,
21 and I am being grouped with all the Meyler & Company
22 employees, were you shown and given the Cowan QC
23 policies?

24 A. I don't recall.

25 Q. At any time prior to the censure being

1 issued by the PCAOB, was there any action taken under
2 the Cowan & Company quality control system as to the
3 alleged violation?

4 A. Was there any?

5 Q. Action taken under the QC system of Cowan &
6 Company?

7 A. As a result?

8 Q. No, prior to the public censure?

9 A. Well, we modified the QC manual based upon
10 how we told the PCAOB we were going to remediate.

11 Q. Anything else?

12 A. I don't think so.

13 Q. How about after the censure was issued, did
14 anything happen associated with how Cowan handled it
15 is QC system?

16 MR. HERZOG: Objection.

17 A. Well, the revised QC manual would have
18 included the remediation procedures, so I guess there
19 was a change.

20 Q. Was there any committee meetings or
21 director meetings as to any of the people that were
22 involved in the violation of the PCAOB regulations?

23 A. We used to have quarterly SEC niche
24 meetings and we would discuss changes to the QC
25 manual and any new variations to the manual, yes.

1 Q. Were any people, any employees of Cowan &
2 Company written up through Cowan & Company's QC
3 system because of the PCAOB censure?

4 A. No.

5 Q. Was there any documentation done in the
6 Cowan QC system about any Cowan employees due to the
7 PCAOB censure?

8 A. Don't believe so.

9 Q. Was Tauriga and the work to be done under
10 Tauriga in any way run through Cowan's QC system?

11 A. Can you expand on the question?

12 Q. Sure. Was the relationship between Cowan &
13 Company and Tauriga changed, modified, limited,
14 either temporarily or entirely, because actions were
15 taken by Cowan & Company consistent with its QC
16 system?

17 MR. HERZOG: Object to the form?

18 A. I would say yes.

19 Q. What documentation exists that shows that
20 to be true?

21 A. I think the revised QC manual.

22 Q. Okay. Does the revised QC manual say how
23 Tauriga work will be handled?

24 A. Well, not Tauriga specifically.

25 Q. So I am asking was anything specific to

1 Tauriga done, modified or handled in light of Cowan's
2 QC code and the public censure by PCAOB?

3 MR. HERZOG: Object to the form.

4 A. Well, through the remediation we took some
5 additional courses on standards for rotation and
6 standards with respect to quality control.

7 Q. What were the changes as to the standards
8 as to lead auditor?

9 A. Specifically put in the manual the
10 definition of lead auditor and we created a policy
11 whereby every year we developed a lengthy schedule
12 going out five or six years of who would be each
13 partner in QC on each job and we established a policy
14 that we would review that annually.

15 Q. Was there any paperwork created with
16 Tauriga's name specifically after the PCAOB censure
17 related to Cowan & Company's quality control system?

18 MR. HERZOG: Object.

19 A. Not specifically to Tauriga, but globally.

20 Q. Was there any meetings of the directors or
21 the partners associated with Cowan & Company or your
22 independence as to Tauriga?

23 A. There may have been discussions. I wasn't
24 technically an equity partner. There may have been
25 discussions at the equity partner meetings. I am not

1 aware of those.

2 Q. So you were never invited to speak at any
3 of those meetings as to Tauriga?

4 A. I was invited once and I gave an overview
5 of what had happened.

6 Q. Are you aware of any results of any
7 meetings of any of the directors or equity partners
8 or other partner management that relate specifically
9 to Tauriga?

10 A. No.

11 Q. Are you aware the QC system specifically
12 indicates that audits should be held while there is
13 potential issues including, but not limited to,
14 consideration, independent considerations?

15 MR. HERZOG: Object to the form.

16 A. That is a mouthful. Can you take it a
17 little slower?

18 Q. Sure. As part of the PCAOB investigation,
19 you signed off that you were familiar with the
20 ethical standards and Cowan & Company's QC system,
21 correct?

22 A. I didn't sign off.

23 Q. You didn't sign a form with the PCAOB?

24 A. Kevin signed the form.

25 Q. Each employee didn't sign a form?

1 A. I don't believe so. Kevin signed the
2 forms.

3 Q. I am going to show you a document before I
4 mark it bates Cowan 00570 through 00573. My question
5 is going to be after your counsel reviews it, you
6 review it, is that your form?

7 A. I think this is a Cowan form, yeah.

8 Q. Is that your name listed on the first page
9 of the Exhibit Five?

10 A. It is not my handwriting. None of this is
11 my handwriting.

12 Q. Is that your name?

13 A. I can't even make it out.

14 Q. You don't know if that is yours or not?

15 A. I have never signed that. I mean I think I
16 have signed one similar to that, but that is not
17 mine.

18 Q. Do you know any reason why every other
19 handwriting is perfectly clear except for that one
20 and yours is not, there is not one with legible
21 writing of yours?

22 MR. HERZOG: Objection.

23 A. This is not even my printing or
24 handwriting.

25 MR. HERZOG: Listen to his question

1 please.

2 A. I don't know the answer.

3 Q. Page two, is that your signature? That is
4 page two of the exhibit?

5 A. That is not my signature.

6 Q. Do you recall in May or June of 2014
7 filling out one of these forms?

8 A. I don't recall.

9 Q. Do you recall ever at Cowan & Company
10 filling out one of those forms?

11 A. The only form that I remember completing is
12 the one with respect to investments or brokerage
13 accounts or things like that. I don't remember this
14 one. Pretty good memory, so --

15 Q. Sir, do you know who CG Financial is?

16 A. It must be one of Cowan's other companies.
17 I don't know anything about it.

18 Q. Do you know why Tauriga is listed on the
19 Cowan restricted entity list?

20 A. The only thing I could think of is make
21 sure you don't have any stockholdings in Cowan.

22 Q. Make sure you don't have any stockholdings
23 in Tauriga?

24 A. In Tauriga.

25 (Whereupon the reporter received and

1 marked Exhibit Six for Identification.)

2 Q. I am going to show you what has been marked
3 as Exhibit Six. I will swap you. It is
4 cross-referenced with bates Cowan 00456. Are you
5 familiar with this document?

6 A. Yes.

7 Q. Is that the financial investment form you
8 were just discussing?

9 A. Yes.

10 Q. Isn't it true that Cowan & Company would
11 send on at least an annual basis a letter to the
12 member of the Board of Directors of Tauriga stating
13 that they were independent?

14 A. Yes.

15 Q. At least for the time period that you were
16 personally with Cowan & Company, it would be 2013
17 through and including 2015, correct, that that letter
18 was sent?

19 A. It was sent, yes.

20 Q. And that letter that identified that Cowan
21 & Company were independent as far as audit work as to
22 Tauriga was still sent to Tauriga despite the
23 informal inquiry by the PCAOB, correct?

24 A. Yes.

25 Q. And that letter claiming independence by

1 Cowan & Company to the member of the Board of
2 Directors of Tauriga was sent to Tauriga even after
3 the public censure by the PCAOB, correct?

4 A. I don't believe so.

5 Q. So you know that you stopped sending that
6 letter?

7 MR. HERZOG: Object to the form.

8 A. For Tauriga?

9 Q. Yes.

10 A. Yes. I don't believe it was sent after the
11 public censure came out in July. We never sent that
12 letter out to Tauriga after July.

13 Q. How come? How come you didn't send it out
14 after the public censure to Tauriga?

15 A. Because we were dismissed.

16 Q. In June of 2015 you were still working on
17 the 2015 year end for Tauriga, correct?

18 A. I believe that engagement letter went out
19 before the informal inquiry even came about.

20 Q. Was the letter ever withdrawn as not being
21 accurate?

22 A. It was not withdrawn, but in any of our
23 settlements and things we never admitted or denied
24 any of the charges, so it was just a settlement.

25 Q. But it was a settlement whereas you agreed

1 not to challenge the PCAOB's standing that you were
2 not independent to Tauriga, correct?

3 MR. HERZOG: Objection. It says what
4 it says. You want to show him that?

5 MR. SILVERBERG: Please don't do
6 speaking objections. Just objection.

7 MR. HERZOG: Object.

8 MR. SILVERBERG: Thank you.

9 A. We did not admit to any guilt.

10 Q. You didn't deny any either, correct?

11 MR. HERZOG: Objection.

12 A. We did not admit to any guilt.

13 Q. Did you deny any guilt or violation of the
14 rules of the PCAOB as to independence?

15 MR. HERZOG: Objection. There is a
16 document.

17 MR. SILVERBERG: Sir, just object.
18 That's it. That's all you are allowed.

19 MR. HERZOG: You are not allowed to
20 ask him these improper type of questions.

21 MR. SILVERBERG: You have a choice.
22 You can end the deposition or you can just object
23 without a speaking objection.

24 MR. HERZOG: Or you can ask proper
25 questions.

1 Q. Sir, what is your answer?

2 MR. HERZOG: He's answered it.

3 Q. You didn't answer.

4 A. I have.

5 Q. How have you answered it, sir?

6 A. I have answered on the basis that we didn't
7 admit or deny any guilt with respect to PCAOB finding
8 and we just settled it with the censure.

9 Q. So you are unable to sit here today and
10 deny that you knew you were not independent on
11 January one of 2014?

12 A. Yes.

13 Q. You are not able to admit or deny that you
14 were independent in June of 2014, correct?

15 A. There was nothing to admit, deny or admit,
16 at that point in time.

17 Q. In August of 2014, were you able to claim
18 that you were independent as to Tauriga?

19 A. Yes.

20 Q. Why?

21 A. Because there was no disciplinary action
22 taken against us.

23 Q. Didn't the PCAOB found that that was the
24 sixth year the year end 2014?

25 A. As part of the preliminary inspection

1 report that comment came up as a quality control
2 comment which we had a year to remediate and if you
3 remediated it properly it wasn't a public -- it
4 didn't get disclosed to the public August '14.

5 Q. The fact that it is disclosed to the public
6 or not disclosed to the public does not make you
7 independent or not independent, correct?

8 A. No, but at the completion of the inspection
9 they had listed that as a quality control comment
10 which they asked us to remediate and they didn't tell
11 us that it was going to impinge on any of our future
12 work.

13 Q. I didn't ask you about any future work, but
14 in August --

15 A. In August '14 we did not believe that we
16 had an independence issue.

17 Q. But you knew you were past five years,
18 correct, for the rotation?

19 A. Difference of opinion because --

20 Q. Well, are you challenging --

21 MR. HERZOG: Can he finish his
22 question?

23 Q. Are you challenging the PCAOB determination
24 that you were past it?

25 A. We did challenge it, you know, when they

1 were there. They wouldn't accept it, but we still
2 believed that we had a valid document in our files to
3 substantiate that we had a new clock.

4 Q. Are you talking about your self-centered
5 memo to yourself?

6 A. Yes.

7 Q. And your staff, Exhibit One?

8 MR. HERZOG: Object to the form.

9 A. Yes.

10 Q. But you are not sitting here today
11 challenging the PCAOB's determination that year end
12 2014 for Tauriga was a sixth year and a year past
13 your ethical obligation to rotate, correct?

14 MR. HERZOG: Objection.

15 A. We settled the suit not denying any guilt
16 or not accepting any guilt.

17 Q. The PCAOB took the position that you are
18 not challenging that year ending 2014 for Tauriga was
19 the sixth year and improper, correct?

20 MR. HERZOG: Read that back.

21 (Whereupon there was a record read.)

22 MR. HERZOG: Objection.

23 A. We didn't deny it, but we didn't accept it
24 either.

25 Q. You don't challenge it here today, do you?

1 MR. HERZOG: Objection.

2 A. I challenge it, yes, but there is nothing I
3 can do about it.

4 Q. You are familiar with your requirements
5 under the settlement of the PCAOB about challenging
6 their position, correct?

7 A. Yes, yes.

8 Q. You are sitting here speaking on behalf of
9 Cowan & Company as well, correct?

10 A. I am.

11 (Whereupon the reporter received and
12 marked Exhibit Seven for Identification.)

13 (Whereupon there was a recess.)

14 Q. I am going to show you what has been marked
15 Exhibit Seven, Cowan 00460. Please let me know if
16 you are familiar with that document?

17 A. I am familiar.

18 Q. What is that letter utilized for?

19 A. It was for the work that would take place
20 between April first '14 and March 31st '15.

21 Q. Is there any representations to Tauriga as
22 to the independence of the defendants?

23 A. Independence letter.

24 Q. Is the independence that is represented to
25 Tauriga by the defendants conditioned at all?

1 A. No.

2 Q. Is it limited in any way?

3 A. No. Bear in mind that was prior to the
4 inspection.

5 Q. Would I be correct that the PCAOB and the
6 other governing bodies that govern auditors of
7 issuers require self-regulation for compliance?

8 A. Say that again.

9 Q. Require self-regulation for compliance?

10 A. Yes.

11 (Whereupon the reporter received and
12 marked Exhibit Eight for Identification.)

13 Q. Are you familiar with a form called
14 PCA-CX-1.3: Partner Rotation Documentation Form?

15 A. Yes.

16 Q. What is that form?

17 A. It is the documentation of the number of
18 years a partner was assigned to the job.

19 Q. Is this part of the action that Cowan &
20 Company took due to the investigation by the PCAOB?

21 A. I don't believe so.

22 Q. Cowan & Company had these partner rotation
23 documentation forms prior to the PCAOB's informal
24 investigation in 2014?

25 A. I believe it did.

1 Q. '15. I apologize. '15 if that changes
2 your answer.

3 A. I believe it had it in '14 too.

4 Q. Are you familiar with a company called, I
5 will spell it for the court reporter,
6 I-m-m-u-n-o-v-a-t-i-v-e?

7 A. That is the predecessor of Tauriga.

8 Q. By predecessor, it is the same legal
9 entity. It is just a different name, correct?

10 A. Correct.

11 Q. Do you know what year Immunovative changed
12 its name to Tauriga?

13 A. Do I know what year it changed its name?

14 Q. That is the question.

15 A. '13.

16 Q. I am going to show you what has been marked
17 as Exhibit Eight. It is Cowan 00472 through 477. My
18 question is going to be are you familiar with those
19 documents?

20 A. As soon as he gets done looking at them I
21 will answer.

22 Q. Okay.

23 MR. HERZOG: Okay.

24 A. I am familiar with them.

25 Q. Do they accurately reflect the information

1 that is requested in there?

2 A. Yes. Looks like nine is left off.

3 MR. HERZOG: Look at each page.

4 Q. Sir, are they accurate?

5 A. Yes.

6 Q. Pursuant to those records, how many years
7 were you the lead audit partner for Tauriga?

8 A. Looking at this it says five.

9 Q. Well, there is more pages, correct? You
10 are looking at the first page. If you count all the
11 years together.

12 A. This is a duplicate of this. It shows I
13 did it nine, shows six years. Taking into
14 consideration nine, I did it for six years, but that
15 is assuming the way it is like that is because we
16 considered that I had a new clock.

17 Q. When was this form Exhibit Eight filled
18 out?

19 A. Is there a date on that?

20 Q. I don't see a date. I mean there is dates,
21 but there is no date of the form. But you are free
22 to look at it.

23 A. Usually completed in the audit planning
24 stage for each year.

25 Q. But you agree that Tauriga and Immunovative

1 are the same company, correct?

2 A. Yes.

3 Q. So if you count them together, how many
4 years did you do year end audits for Tauriga?

5 A. Six. As I said, it was based upon --
6 filling those forms out was based upon the premise
7 that I had a new clock for the record.

8 Q. Why is there a separate form for
9 Immunovative that has March 31st 2012?

10 A. I don't know the answer to that.

11 Q. So there is an inaccuracy in Cowan &
12 Company's record keeping?

13 MR. HERZOG: Objection.

14 A. I wouldn't say inaccuracy, but I can't
15 account for the rationale.

16 Q. Can you account for 2010 why it is
17 identified under two separate companies?

18 A. Under two separate companies?

19 Q. Yes. Well, named companies although the
20 same legal entity.

21 A. What difference does it make if it's the
22 same legal entity?

23 Q. Maybe it is to misreport or hide violations
24 of ethical rules of independence?

25 A. We don't do that. We don't do that.

1 MR. HERZOG: Objection.

2 Q. Well, I mean you admitted already under
3 Exhibit Three to putting down David Moss to make the
4 PCAOB think that you self-switch and rotated?

5 A. That is not true.

6 MR. HERZOG: Objection.

7 A. Now you are reaching a little bit now.

8 Q. Did you know why the year year ending
9 3/31/13 for Tauriga started on a new sheet?

10 A. No, I don't.

11 Q. Do you know the legal name that Tauriga was
12 operating under on March 31st 2009?

13 A. Renewable Energy.

14 Q. Do you know why you have them listed as
15 Immunovative?

16 A. I personally didn't fill the form out.
17 Maybe a staff member got confused, okay. I don't
18 know.

19 Q. As part of the informal inquiry and then
20 the subsequent inquiry by the PCAOB, were these forms
21 made available to them?

22 A. They had the complete file, the work
23 papers.

24 Q. Is there any documentation that you
25 notified them that Exhibit Eight was not accurate?

1 MR. HERZOG: Objection.

2 A. No. Well, we discussed, when they came to
3 me about the infraction, we discussed the issuance of
4 the new clock.

5 Q. Did you discuss to them that Tauriga had
6 prior names?

7 A. They knew that. They did their own
8 research.

9 Q. How do you know they knew that?

10 A. I can't sit here and affirm. I don't know
11 how they do it, but they went on the SEC website and
12 did some research. That's all I know.

13 Q. Did you refer Tauriga to Cherry Bekaert?

14 A. Yes.

15 Q. Did you provide Tauriga with any other
16 names besides Cherry Bekaert?

17 A. We were using Ron Quintero in New York.
18 They could have used Ron or they could have used
19 Cherry Bekaert.

20 Q. So you gave them both names?

21 A. I believe so. We used Ron Quintero in '13.

22 Q. So why the switch to Cherry Bekaert?

23 A. I thought that Seth had said to me I could
24 use whoever I wanted and I thought Cherry Bekaert was
25 better qualified and because of all the sophisticated

1 convertible debt I think Ron could have done it, but
2 he didn't have the resources, manpower to do it.

3 Q. In 2014, how many people, meaning issuers,
4 did you refer to Cherry Bekaert?

5 A. 2014?

6 Q. Yes.

7 A. Just Tauriga.

8 Q. How many issuers required that type of
9 services that were Cowan & Company clients?

10 A. I am thinking.

11 Q. Take your time.

12 A. I will retract my former statement. I
13 think I referred two clients to Cherry Bekaert and
14 there were three clients that needed that type of
15 Service.

16 Q. What did you do with the third client?

17 A. They found their own source.

18 Q. So 100 percent of your referrals in 2013
19 were to Cherry Bekaert?

20 MR. HERZOG: Objection.

21 A. Not 100. Two-thirds.

22 Q. The third found on their own?

23 A. Well, they asked me for sources and I gave
24 it to them an they decided.

25 Q. Did you give them Cherry Bekaert?

1 A. I did.

2 Q. In 2015, how many clients did you refer to
3 Cherry Bekaert?

4 A. I don't believe any.

5 Q. Did you refer any clients in 2015 to anyone
6 else to provide services that Cherry Bekaert normally
7 provides?

8 MR. HERZOG: Object to the form.

9 A. Didn't have the need to.

10 Q. In 2013 how many clients did you refer to
11 Cherry Bekaert?

12 A. I don't believe any.

13 Q. Do you have any clients that required those
14 type of services in 2013?

15 MR. HERZOG: Object to the form.

16 A. Yes.

17 Q. Where did you refer the client?

18 A. One of them decided to find their own
19 source and Tauriga used Ron Quintero.

20 Q. In 2013 did you know Cherry Bekaert?

21 A. I was aware of them, yes.

22 Q. Did you previously use them?

23 A. Cherry Bekaert affirmed that I used, back
24 in 2008, 2009, used a firm in Florida. The name
25 escapes me. That firm merged into Cherry Bekaert and

1 that's how I got introduced because the client was
2 using them.

3 Q. Did you consider the Cherry Bekaert
4 location in Florida for Tauriga because Tauriga was a
5 Florida corporation?

6 A. No.

7 Q. Just a coincidence?

8 MR. HERZOG: Objection.

9 A. As I told you, the client that introduced
10 me to them in 2008 or 2009 lived in Florida.

11 Q. I am just talking about your decision to
12 refer Tauriga there?

13 A. Well, as a result of that introduction they
14 provided, you know, I was very happy with their
15 qualifications and the output of their work and so I
16 continued to use them, to use them or to give their
17 name to clients to consider. The area is a very
18 complicated area, so you don't want to get anybody
19 that is going to cause you a problem.

20 Q. Do you agree with me the year end 2015
21 audit report for Tauriga was due or the original
22 deadline was July 15, 2015?

23 A. I would say July '14, but --

24 Q. Fair enough. Cowan & Company reissued the
25 financial year ending 2014 on July 27, 2015, correct?

1 A. No.

2 Q. What day did?

3 A. Cowan didn't reissue them.

4 Q. You never did a reissuance of the fiscal
5 year ending 2014?

6 A. We were asked to, but we didn't.

7 Q. Why didn't you?

8 A. Because it was during the week of July 27th
9 that an objection was raised to our independence and,
10 you know, based upon the settlement agreement and the
11 fact that our attorneys negotiated a settlement with
12 no ramifications other than the censure, you know, I
13 kept telling the client that I could reissue, it is
14 pretty obvious in the e-mails, and when the objection
15 was raised I got tired of being harassed over it, so
16 I suggested that Tauriga's SEC counsel speak with our
17 PCAOB counsel and Cowan's PCAOB counsel, I contacted
18 him and told him to call Tauriga's SEC counsel and
19 they talked and our counsel called me back and told
20 me that he didn't know the answer to the question and
21 I would have to do some research. I told him that we
22 didn't have days to do the research because Tauriga
23 needed the file by the 29th or 30th, something like
24 that, and we agreed that he would call the PCAOB
25 attorney. He called the PCAOB attorney and as a

1 result of that conversation he called me back and
2 said he would advise no reissuance, so I told him to
3 call Tauriga's SEC counsel and advise him of that.

4 Q. On what day did your lawyer tell you he
5 advised against Cowan & Company issuing a reissuance
6 for fiscal year 2014?

7 A. Let me think a minute. I think it was the
8 29th of July, maybe the 28th. Was one of those days.

9 Q. What was the reason your counsel advised
10 you not to reissue Tauriga's year end 2014?

11 A. He didn't go into detail. He said he spoke
12 to the PCAOB and as a result of his conversation he
13 advised me not to refi.

14 Q. Did he tell you what the PCAOB attorney
15 said?

16 A. I don't recall.

17 Q. Did you document that anywhere?

18 A. No.

19 Q. Did you document your conversation with
20 your attorney anywhere?

21 A. No.

22 Q. Did you ask your attorney to document that
23 advice anywhere?

24 A. No.

25 Q. Why did you not have such a matter

1 documented at that time?

2 A. I am looking for the right word. I am so
3 frustrated at that time that I didn't feel the need
4 to document it. I was on vacation and it ruined my
5 vacation.

6 Q. Do you agree that by May 29, 2015 you knew
7 you were going to settle with the PCAOB as to the
8 issue of your lack of independence for failure to
9 rotate as to Tauriga?

10 A. What date?

11 Q. May 29, 2015.

12 A. I am not sure of the date. Do you have
13 something to show me?

14 Q. I am going to show you Cowan 000645. I
15 have the attachments if you need it. Do you need the
16 offer of settlement that follow?

17 A. Just says we discussed --

18 Q. Do you need the offer of settlement?

19 A. Oh, no, no. So repeat your question.

20 (Whereupon there was a record read.)

21 A. We did know we were going to enter into the
22 settlement agreement, but the settlement agreement
23 didn't admit or deny any wrongdoing and based upon
24 the negotiations that the PCAOB, Cowan PCAOB
25 attorneys had in place with the PCAOB, we were only

1 going to get fined, the sanction and there were no
2 other ramifications against us.

3 Q. I am not asking about ramifications, but
4 the finding and the order you are settling to found
5 you lacked independence as to Tauriga for the
6 financial year 2014, correct?

7 MR. HERZOG: Objection.

8 A. We didn't admit or deny that.

9 Q. But that was the finding in the order,
10 correct, that you agreed to?

11 MR. HERZOG: Objection.

12 A. We agreed to that settlement.

13 Q. So, therefore, on May 29, 2015 you knew you
14 were agreeing to accept and not challenge that order
15 with that finding as to your lack of independence,
16 correct?

17 MR. HERZOG: Objection.

18 A. Yes.

19 Q. So you agree every action that you took
20 subsequent to May 29, 2015 you took as to Tauriga
21 with full knowledge that there was going to be an
22 order issued that would eventually go public that you
23 lacked independence as to Tauriga for the fiscal year
24 ending 2014 forward?

25 MR. HERZOG: Objection.

1 A. As I repeated before, based upon our
2 negotiations and the advice that we got from our
3 counsel, we didn't feel that Tauriga was in jeopardy.

4 Q. What advice did you get from counsel that
5 Tauriga was not in jeopardy?

6 A. Maybe I said it wrong, but based upon our
7 discussions with counsel and as result of
8 negotiations that he had with the PCAOB, he led us to
9 believe that there were no negative attributes
10 against me or Cowan other than the public censure.

11 Q. Correct me if I am wrong. He didn't lead
12 you to believe because he made no statements to make
13 you believe anything, correct?

14 MR. HERZOG: Objection.

15 A. Well, you would have to be on the phone
16 call to understand.

17 Q. But he offered nothing as to assurances as
18 to Tauriga, correct?

19 A. Correct.

20 Q. He offered no assurances as to China
21 Ginseng Holdings, correct?

22 A. That wasn't an independence issue.

23 Q. Did he offer any assurances as to China
24 Ginseng Holdings?

25 A. China Ginseng was never really discussed

1 because it wasn't independence.

2 Q. So the bulk of the PCAOB issues was
3 independence between Cowan & Company and Tauriga,
4 correct?

5 MR. HERZOG: Can you read that back
6 please?

7 (Whereupon there was a record read.)

8 MR. HERZOG: Objection.

9 A. I mean if you are looking to see here that
10 Tauriga was discussed in every single conversation,
11 Tauriga's name was hardly ever mentioned. It was the
12 concept of the rotation issue.

13 Q. But everyone knew that the rotation issue
14 was specifically related to the lead audit
15 relationship and the issuer of Tauriga?

16 MR. HERZOG: Object to the form.

17 A. I don't know if everybody realized that.

18 Q. You realized that?

19 A. Yes.

20 Q. You explained that to other members of
21 Cowan & Company, correct?

22 A. I explained the situation to other members
23 of Cowan.

24 Q. Did you identify Tauriga as the client that
25 this was related to?

1 A. Yes.

2 Q. Did it ever come up a suggestion, a
3 recommendation or a thought by anyone at Cowan &
4 Company of notifying Tauriga prior to the censure
5 going public?

6 A. Based upon what we have been hearing from
7 our attorney, we didn't think there was a need to.

8 Q. What you were hearing from your attorney
9 was the only thing that was going to happen to Cowan
10 & Company is a public censure, is that correct?

11 A. Right.

12 Q. Did your attorney during any of this time
13 frame before you accepted the offer from the PCAOB
14 contact the SEC to determine if there were any issues
15 that may arise related to Tauriga?

16 A. I don't know the answer to that.

17 Q. Are you aware of any contact your attorney
18 made to the SEC that they informed you about that
19 related to Tauriga?

20 A. No. The SEC in my recollection was never
21 mentioned. I am not going to say never never, but
22 not something that clicks in my mind as a
23 recollection of our discussions.

24 Q. Did you ask your legal counsel for an
25 opinion, formal or informal, about the ramifications

1 of a censure?

2 MR. HERZOG: Asked and answered.

3 Q. I am not saying just to Tauriga. I am
4 saying overall?

5 MR. HERZOG: Asked and answered.

6 A. I think we have addressed this many times.
7 Can I hear the repetitive question one more time?

8 (Whereupon there was a record read.)

9 A. We never got a written legal opinion.

10 Q. Did you ever ask for one?

11 A. No.

12 Q. Did you ask for any opinion written or
13 otherwise?

14 A. No.

15 Q. Did you or anyone at Cowan & Company do any
16 investigation as to the ramifications of a public
17 censure by the PCAOB as to independence or rotation?

18 A. You know, we were -- this is the first time
19 this ever happened to me and we engaged this attorney
20 to help us. We trusted him. Most of our dealings
21 were over the phone and so we accepted what he said
22 over the phone.

23 Q. In your years as a lead auditor, how many
24 different attorneys would you say you have worked
25 with?

1 A. Lots.

2 Q. As part, as a lead auditor, you ask lawyers
3 to even put in writing any money that is owed to them
4 by the issuer, correct?

5 A. We ask that question.

6 Q. You require it to be in writing. You don't
7 take the oral statement, correct?

8 A. Right.

9 Q. Because that is proper procedure when you
10 are auditing?

11 A. Right.

12 Q. In your years of experience as a lead
13 auditor for issuers, have you found inconsistencies
14 between what lawyers have told you orally and what
15 they are willing to put in writing?

16 A. Usually work, with my experience, I have
17 always worked with very good attorneys, so I can't
18 say that never happened, but I can't recall a
19 situation.

20 Q. But you still require even though even or
21 you can't recall it happening?

22 A. We require a legal opinion.

23 Q. You also require a written opinion about
24 potential litigation that an issuer may be going
25 through as part of your audit process, correct?

1 A. Yes.

2 Q. Do you accept it over the phone?

3 A. No.

4 Q. Why do you require it in writing?

5 A. Standards.

6 Q. In your years of experience as a lead
7 auditor for issuers, have you ever asked a lawyer for
8 clarification or follow-up on a prior disclosure
9 about a legal matter?

10 A. Of course.

11 Q. Was that to provide clarity so you knew all
12 the potential or most of the potential risks
13 associated with the issuer?

14 A. Yes.

15 Q. Did you ask for any such opinion or writing
16 that may apply to your issuer of Tauriga when it
17 related to the PCAOB investigation and censure of
18 Cowan & Company?

19 MR. HERZOG: Asked and answered.

20 A. As I told you before, our conversations on
21 the phone were pretty detailed and he explained to us
22 that the censure was the lowest common denominator
23 that anyone could receive, that we are not admitting
24 or denying any guilt here, that the PCAOB is not
25 fining us, penalizing us in any way or precluding us

1 from doing any future auditing work, present or
2 future, and so I thought we thought that was pretty
3 clear, okay. And how much deeper can they go? I
4 mean no fines, no guilt, no CPE, continuing
5 education, and no infractions against our work other
6 than the lowest common denominator, not even a
7 monetary fine, and if you read some of the orders
8 there, the monetary fines for similar situations are
9 substantial if you read other orders.

10 Q. Just for point with your answer, your
11 lawyer didn't tell you you could or couldn't continue
12 to audit as to Tauriga, correct?

13 MR. HERZOG: Asked and answered.

14 A. I just gave you a detailed explanation.
15 His explanation was globally with respect to any
16 claim we had.

17 Q. Have you filed a malpractice claim against
18 your counsel for the PCAOB?

19 A. Not that I am aware of.

20 Q. Are you aware of issuance of a notification
21 that there may be a potential claim against your
22 PCAOB legal counsel?

23 A. I am not aware of any.

24 Q. Do you think your PCAOB counsel gave you
25 bad advice as to your ability to be independent to

1 Tauriga during the settlement communications?

2 A. I am not an attorney. I can't gauge the
3 quality of the advice.

4 Q. You still have a personal opinion?

5 A. Personal opinions don't count.

6 Q. I am interested in it, so I will take it.

7 A. I am not willing to give it.

8 Q. You are refusing to answer the question?

9 A. I don't have an opinion.

10 Q. Are you aware in July of 2015 that the
11 submission by Tauriga for its 10K was rejected in
12 whole or part by the office of the chief accounting
13 of the SEC?

14 A. '15?

15 Q. In July of '15 as to year end '14?

16 A. Repeat that question.

17 Q. Sure. Are you aware in July of 2015 that
18 Tauriga's 2014 10K was rejected by the office of the
19 chief accountant for the SEC? Strike that.

20 Are you aware in July of 2015 that Tauriga's
21 2015 10K was rejected?

22 A. In July of '15?

23 Q. Yes.

24 A. The 2015 10K was rejected?

25 Q. Are you aware of that?

1 A. I am not aware of that. Why was it
2 rejected?

3 Q. Because of the lack of independence of
4 Cowan & Company per the SEC.

5 A. The 2015 included reaudited numbers.

6 Q. What is your understanding why Tauriga got
7 delisted?

8 A. Well, let's go back to the other question
9 first. You are saying in July '15 the March 31st '15
10 audit was rejected. The '15 audit wasn't filed until
11 much later than that.

12 Q. I am asking do you know why Tauriga's 10K
13 for 2015 -- strike that. I will reask the question
14 so we have clarity. As to Tauriga's 2015 10K, are
15 you aware in July of 2015 that the office of chief
16 accountant for the SEC rejected the financial
17 statements?

18 MR. HERZOG: Asked and answered.

19 A. How could they reject it? It wasn't filed
20 in July. In July '15 Seth and I were talking about
21 reissuance of the '14 numbers and then on the 29th
22 and 30th we said we couldn't reissue, so that's way
23 past the date you are talking about.

24 Q. Do you know if Tauriga was able to file its
25 fiscal year 2015 10K in July of 2015?

1 A. I don't know the answer to that.

2 Q. Are you aware of any filings that Tauriga
3 made that were rejected because those filings relied
4 on Cowan & Company's fiscal year '14 reissuance?

5 A. Not aware of that.

6 Q. Do you know why Tauriga was delisted?

7 MR. HERZOG: Object to the form.

8 A. No, I do not. Could be many reasons why
9 they got delisted.

10 MR. HERZOG: He is just asking for
11 your knowledge.

12 A. I do not know.

13 Q. In July of 2015, did you ask Tauriga for
14 \$25,000 in order to reissue the fiscal year 2014
15 financials?

16 A. Yes.

17 Q. Did Tauriga pay you that \$25,000?

18 A. Yes.

19 Q. Did you reissue fiscal year 2014
20 financials?

21 A. Yes.

22 Q. What month and year did you reissue a
23 fiscal year 2014 financials?

24 A. As we said before, we were not able to.

25 Q. Did you return the \$25,000 to Tauriga?

1 A. No. We weren't aware that we couldn't
2 reissue until after that date.

3 Q. So after you found out that you couldn't,
4 did you return the \$25,000 to Tauriga?

5 A. No.

6 Q. Why did you wait until after receiving
7 Tauriga's \$25,000 to find if you could or could not
8 perform the services that you got paid the \$25,000
9 for?

10 MR. HERZOG: Object to the form.

11 A. We had planned to issue until the objection
12 arose during that week of the 27th of July.

13 Q. So you have no clue why Tauriga got
14 delisted, correct?

15 A. I assume because they didn't file timely,
16 but there could have been other reasons.

17 Q. But you don't know of any other reasons
18 except for the ones that are in the world of
19 possibilities?

20 A. Right.

21 MR. SILVERBERG: Can we take a
22 two-minute break?

23 (Whereupon there was a recess.)

24 Q. Back on the record. Sir, when is the first
25 time that Cowan & Company received a request for

1 Tauriga's work papers that it had in its possession,
2 custody or control?

3 MR. HERZOG: I am sorry, the train
4 bothered me. Can you just repeat that?

5 (Whereupon there was a record read.)

6 MR. HERZOG: Object to the form.

7 A. Give me a minute to think. Around July
8 27th, 28th.

9 Q. In what form?

10 A. Let me take that back. On June 15th we
11 were dismissed as auditors by Stella Sung, CEO of
12 Tauriga Sciences, and about a couple days later, I
13 would say within the week after that, within that
14 week following the 15th, I don't know the exact date,
15 I got an e-mail from KBL asking a bunch of integrity
16 issues that typically the successor auditor would ask
17 upon accepting a new engagement.

18 Q. Was there a direct request by KBL at that
19 time for access to Tauriga's work papers?

20 MR. HERZOG: Object to the form.

21 A. In their original letter with the seven or
22 eight questions, I don't believe there was a request
23 for the work papers. Attached, that letter was an
24 attachment, and in the attachment was a cryptic note.

25 It didn't specifically ask for the work papers, but

1 kind of was a backhanded way of saying I'd like to
2 see the work papers.

3 Q. Did you comply with the request for the
4 work papers?

5 A. I did not respond to that e-mail and in
6 about a week later I got a follow-up e-mail from KBL
7 and I sent an e-mail back to I think it was Pollak
8 was the partner saying that I will call you tomorrow
9 and respond to the questions. I called him, answered
10 the questions and he asked if he could have access to
11 the work papers. I told him that there were some fee
12 issues that we'd like to get resolved before any
13 papers could be released.

14 Q. At any time did KBL tell you that time was
15 sensitive due to the filing requirements of Tauriga?

16 A. I don't recall that as part of our
17 conversation. In that conversation that we had he
18 tried to negotiate with me the outstanding fee
19 balance and I said to myself he is not permitted to
20 do that. That is a breach of his independence trying
21 to negotiate the fee on behalf of the client and I
22 quickly ended the phone call.

23 Q. Did you notify Tauriga about this call and
24 the issues of what occurred?

25 A. No, we had already been dismissed and had

1 no further conversation with Tauriga.

2 Q. Did you supply based on the e-mail from KBL
3 the work papers?

4 A. I did not.

5 Q. That was because of the outstanding fees
6 owed by Tauriga?

7 A. Yes. We wanted to get the fees resolved.

8 Q. Were there subsequent requests by Tauriga
9 or its agents for the work papers?

10 A. Now I will get back to my original
11 statement. During that week of July 27th, towards
12 the middle of the week, maybe the 28th, 29th, I had a
13 conversation with Seth Shaw. He told me that he had
14 been in touched with Finra and that he was able to
15 get an extension, a short extension, maybe a week,
16 ten days, I forget exactly what he said, but it was
17 in that time frame, and I suggested to him that maybe
18 if we provided KBL the work papers that they could
19 work expeditiously within that one-week time frame,
20 put enough manpower on it and use the work papers as
21 a guide and maybe that would help him out. He asked
22 me to call Pollak. I told him that I would call
23 Pollak and negotiate with Pollak for all the required
24 paperwork for release of papers on the PCAOB
25 standards. I think I called Pollak on the 30th or

1 31st of July and I had no return phone call.

2 Q. What did you do next?

3 A. I was just sitting back waiting for Pollak
4 to call me.

5 Q. Did you notify Tauriga that you were unable
6 to reach Pollak?

7 A. I had a couple of phone calls to Seth. I
8 think they were not returned. I had a couple of
9 texts to Seth and I don't think they were returned as
10 well.

11 Q. Did you write any e-mails to document your
12 inability to reach anyone?

13 A. I did not.

14 Q. Did you produce your text messages as part
15 of your response to the request for production?

16 A. Unfortunately I did not. I didn't think of
17 it at that time.

18 Q. Okay. Do you still have the text messages
19 from that time frame?

20 A. You know, I don't know how long they stay
21 on the phone. I would have to look, okay.

22 Q. Are you able to look right now?

23 MR. HERZOG: If he still has them we
24 will produce them.

25 MR. SILVERBERG: We will have to leave

1 the deposition open.

2 Q. Did you ever get a request from a Sanjay
3 Singla at KBL?

4 A. That name is familiar. I don't remember
5 the request, but the name is familiar. The name is
6 familiar because when we finally did send the work
7 papers we sent them to that person.

8 Q. Let's mark this.

9 (Whereupon the reporter received and
10 marked Exhibit Nine for Identification.).

11 Q. Sir, I am showing you Exhibit Nine which is
12 a two-page document. Prior to today have you seen
13 Exhibit Nine?

14 A. I have never seen Exhibit Nine. I am not
15 copied on it.

16 Q. No, but you are also here on behalf of
17 Cowan & Company as a Rule 30(b)(6) deposition. Was
18 part of your request to produce search parameters
19 e-mails from KBL?

20 A. I don't think so.

21 Q. Did you search Mr. Cowan's e-mail for
22 potentially responsive documents?

23 A. I never even thought to search his because
24 he was never involved in anything.

25 Q. How about Mr. Boyle's?

1 A. Boyle's was. Boyle is on the search.

2 Q. This e-mail was not identified?

3 A. I have never seen this e-mail.

4 Q. Did anyone at Cowan & Company come to you
5 saying they received a request for Tauriga's work
6 papers?

7 MR. HERZOG: Object to the form.

8 A. You mean any other employees within Cowan?

9 Q. Yes.

10 A. Nobody.

11 Q. If you could read the bates number that
12 Exhibit Ten reflects?

13 A. 00008895.

14 Q. It has the preface of Cowan on it. Have
15 you seen that e-mail before?

16 A. Yeah, I have seen that.

17 Q. Is that the request you were testifying
18 just a couple questions ago about KBL requesting the
19 work papers?

20 A. Yes.

21 Q. In fact, you request all the work papers be
22 provided electronically, correct?

23 A. Yes.

24 Q. Those are the work papers you didn't
25 provide because of the outstanding balance with

1 Tauriga, correct?

2 A. Yes.

3 Q. That is June of 2015, correct?

4 A. Yes.

5 Q. In 2015 what would be the filing deadline
6 that Tauriga would meet subsequent to June of 2015?

7 A. Say that again.

8 Q. Are you aware of any deadline that Tauriga
9 would have to meet subsequent to that e-mail for its
10 filings?

11 A. I think the deadline was 13 days away.

12 Q. You knew that back when you received that
13 e-mail, correct?

14 A. Yeah, but Tauriga didn't have to dismiss us
15 either.

16 (Whereupon the reporter received and
17 marked Exhibit 11 for Identification.)

18 Q. I show you what's been marked as Exhibit
19 11, responds with Cowan 008896. Have you seen this
20 e-mail before?

21 A. That is the e-mail I made reference to
22 before when I called him.

23 Q. In that e-mail he also talks about the
24 deadline fast approaching?

25 A. Right.

1 Q. Correct?

2 A. Yes, but he shouldn't have accepted the
3 engagement on June 16th knowing the deadline was --
4 on June 15th knowing the deadline was 15, 14 days
5 away either to reaudit '14 and do '15.

6 Q. At that time you thought you could reaudit
7 '14, correct?

8 MR. HERZOG: Objection.

9 A. Yeah, but he accepted the engagement. We
10 were dismissed on '14 and told that he would reaudit
11 '14 and do '15 audit. He should have known then it
12 was almost an impossibility and he knew then that
13 monies were owed. That is the reason why he got the
14 job.

15 (Whereupon the reporter received and
16 marked Exhibit 12 for Identification.)

17 Q. I am going to show you what has been marked
18 as Exhibit 12. It two pages long. It is Cowan 8899
19 through 8900. Let me know if you are familiar with
20 that document.

21 A. Isn't that the same as the other one?

22 Q. I don't believe the top is the same, is
23 it? If so, I apologize. I will withdraw Exhibit 12
24 as being a duplicate. I will remark something else
25 as 12.

1 MR. HERZOG: You are withdrawing
2 this?

3 MR. SILVERBERG: 12, yeah.

4 (Whereupon the reporter received and
5 marked Exhibit 12 for Identification.)

6 Q. I am going to show you what has been marked
7 as the new Exhibit 12 and it is Cowan 8914. If you
8 could tell me if you are familiar with that document?

9 A. Yes.

10 Q. Did you receive that letter?

11 A. Yes.

12 Q. From Tauriga?

13 A. That was the dismissal.

14 Q. You saw the request for the work papers,
15 correct?

16 A. She's asking us that we provide them, yes.

17 Q. You refused based on the unpaid balance,
18 correct?

19 MR. HERZOG: Objection.

20 A. I never discussed it with her. I only
21 discussed it with Pollak.

22 Q. The reason you didn't provide the work
23 papers was because of the unpaid balance by Tauriga,
24 correct?

25 A. Yes.

1 Q. Is there anything in writing which states
2 that that's the reason why you won't turn over the
3 work papers?

4 A. I am not aware of anything.

5 Q. By writing you understand that I mean
6 letter, e-mail, any other form of written
7 communication, correct?

8 A. Yes. I don't know that it has to be in
9 writing.

10 Q. My question was was there ever anything in
11 writing. Did you ever tell any employee of Tauriga
12 that the reason you refused to turn over work papers
13 was because of the lack of payment by Tauriga to
14 Cowan & Company?

15 A. I think Seth knew that.

16 Q. I am merely asking did you say, tell
17 anybody?

18 A. I am not going to swear to it, but I think
19 I may have had that discussion with Seth.

20 (Whereupon the reporter received and
21 marked Exhibit 13 for Identification.)

22 Q. I am going to show you a document that's
23 marked Exhibit 13. Have you seen that before?

24 A. I don't think that is the complete
25 document, but I have seen it.

1 Q. Is that a text message from Seth Shaw of
2 Tauriga to you on August 26, 2015?

3 A. Looks like it was typed in, but I recall
4 one in August.

5 Q. I don't understand what you mean by typed?

6 A. Looks like the date was typed on there.

7 Q. Are you saying you don't believe that
8 reflects August 26th?

9 A. Well, I am agreeing that it came in in
10 August, but I don't know how the date got on there.

11 Q. I am going to show you Mr. Shaw's phone
12 with that text message and if you look it has the
13 date if you take a picture of the whole entire
14 screen?

15 A. Alright. I was just raising a question.
16 That is all.

17 Q. I rather you raise that just say yes, okay.
18 Did you respond to that text message?

19 A. I don't believe so. I didn't respond to
20 it.

21 Q. When did you finally provide, if ever, the
22 work papers to Tauriga?

23 A. We started to try to provide the work
24 papers to Tauriga sometime in October by trying to
25 complete the required PCAOB documentation required to

1 be released. It was finally signed in March of '16
2 and we released the papers after that.

3 Q. What documents demonstrate any efforts by
4 Cowan & Company in October of 2015?

5 A. Only discussions with our attorney, which
6 are privileged, as to maybe we should consider
7 releasing the papers.

8 Q. What communications were made to Tauriga or
9 its agents in October of 2015 about a method to
10 release the work papers?

11 A. I don't recall, but I know prior to the end
12 of the year that documentation was sent out.

13 Q. So the first time that a response got sent
14 to Tauriga or its agents about a method to return the
15 work papers was in December of 2015, correct?

16 MR. HERZOG: Objection to the form of
17 the question. Listen to the question. Read it back.

18 MR. SILVERBERG: He didn't ask that he
19 wanted it read back.

20 A. I would like it read back.

21 Q. You are fine to say that.

22 (Whereupon there was a record read.)

23 A. I take exception to the word return.

24 Q. Okay.

25 A. Those papers belong to Cowan.

1 Q. Without arguing, I will modify the
2 question. The first time that Cowan & Company
3 provided written communication to Tauriga or its
4 agents about how to get the work papers was in
5 December of 2015, correct?

6 A. Yes, but Tauriga could have through its
7 agents obtained those work papers without going
8 through Cowan. Its agent being Frank Lemendola and
9 the Spire Group provided us all those work papers and
10 whatever we had they had, so they could have gone to
11 the Spire Group and got copies of all the audit work
12 papers with the exception of our proprietary aspects
13 of the job.

14 Q. Did you ever inform or notify any Tauriga
15 employees or agents to contact Frank Lemendola at
16 Spire about the papers at issue?

17 A. At that time, you know, there was no
18 conversation at all between Cowan and Tauriga other
19 than through our attorney, but in conversation with
20 Frank Lemendola he told me that everything he gave me
21 he gave to Pollak.

22 Q. When was that conversation between you and
23 Frank?

24 A. It was in the Fall of '15. I don't know
25 exactly the date, but they had asked the Spire Group

1 for the papers and I think, I believe Frank gave them
2 everything.

3 Q. You believe or you know?

4 A. I was told. Also the general ledgers were
5 prepared in Montreal by this Ronnie Gluck who is a
6 chartered CPA and he had copies of all the general
7 ledgers, he had copies of agreements. Both Frank and
8 Gluck worked for Tauriga and were paid by Tauriga, so
9 they could have gotten all those documents. In
10 between all the legal documents they could have
11 gotten from Glahlou Lahlou.

12 Q. Did you ever inform Tauriga that that would
13 be a possibility to obtain the documentation that
14 they were requesting from you?

15 A. They should have known that. They hired
16 all these people.

17 Q. My question was did you notify them to seek
18 these other avenues to obtain the documents that they
19 were inquiring from you?

20 A. I didn't feel it was my job.

21 Q. And because you were unpaid?

22 MR. HERZOG: Objection.

23 A. That wasn't the issue then. The fact that
24 there was a pending lawsuit and we weren't going to
25 be foolish enough to let our work papers out of our

1 sight and be subject to any further investigations
2 that might arise.

3 Q. Are you aware of Tauriga contacting Frank
4 at Spire Group as to the work papers?

5 A. I think Frank told me that somebody
6 contacted him.

7 (Whereupon the reporter received and
8 marked Exhibit 14 for Identification.)

9 Q. Have you seen Exhibit 14 before?

10 A. I have seen the letter.

11 Q. Based on that letter, did you provide the
12 work papers and other documentation to Tauriga?

13 MR. HERZOG: Objection.

14 A. I believe six days later you received the
15 documents needed to be signed off by Seth Shaw and
16 KBL for release.

17 Q. Then subsequently in 2016 you received
18 those documents signed off, correct?

19 A. I think we received them the end of
20 February.

21 Q. Okay. In February of 2016, did you provide
22 the responsive documents to Tauriga or its agents?

23 A. I think was right around the beginning of
24 March.

25 Q. Can you tell me what code, rule or

1 regulation requires or specifies that paperwork that
2 you require for sign-off to release the subject
3 papers?

4 A. Well, it is the Practitioner's Publishing
5 Corporation, PPC, audit checklist and documents.

6 Q. Isn't PPC just a private software package?

7 A. No. PPC is a package that provides all the
8 audit requirements needed to be completed for the
9 issuance of a proper audit.

10 Q. Meaning a company does it for commercial
11 gain they make that software, correct?

12 A. It is a recognized software, yes, and
13 accepted by the PCAOB.

14 Q. So my question is is what governmental or
15 regulatory body says that there is a certain form
16 that is required before you release the papers?

17 A. Well, we follow PPC technically to the
18 letter of the law, okay, and that is a required --
19 that is a form that is in the PPC handbook. I guess
20 if I got on and did some research I could find it in
21 the PCAOB and the SEC, but the document basically
22 releases us from any liability should they use them
23 in an improper way.

24 Q. Why did you wait until December of 2015 to
25 send this form that you had as part of your

1 commercial software since June of 2015?

2 A. Why did Pollak never send it to us? It is
3 on his stationery, he signs it, he could have sent it
4 to us. He made damn sure he sent us the letter that
5 was in the PPC handbook for Stella to sign.

6 (Whereupon the reporter received and
7 marked Exhibit 15 for Identification.)

8 Q. Do you recognize exhibit 15?

9 A. What is the question?

10 Q. Do you recognize Exhibit 15?

11 A. I recognize it.

12 Q. Is that the form that you are saying you
13 are requiring to be signed off on before you released
14 the work papers?

15 A. Yes.

16 Q. That one doesn't have KBL's letterhead?

17 A. I realize that.

18 Q. It has Cowan and group's, correct?

19 A. Correct.

20 Q. You actually supplied the form off of your
21 software, correct?

22 A. Yes.

23 Q. You had that form all of 2014 and all of
24 2015, correct?

25 A. Yeah, but the work papers were our

1 property. We didn't have to provide the work papers
2 to KBL. Towards the end under legal counsel advice,
3 we did it as a courtesy.

4 MR. HERZOG: Okay. Don't go into the
5 substance of it. Fair enough.

6 A. But we don't have to provide the work
7 papers. Seems to me when we were in mediation you
8 were chastised by the mediator.

9 Q. We are not supposed to talk about
10 mediation.

11 A. I am just bringing it up.

12 MR. HERZOG: It only belongs in press
13 releases.

14 (Whereupon the reporter received and
15 marked Exhibit 16 for Identification.)

16 Q. Do you recognize Exhibit 16?

17 A. I recognize it.

18 Q. What is Exhibit 16?

19 A. I recognize it.

20 Q. I asked you what it was?

21 A. It was Seth's authorization for us to
22 release the papers.

23 Q. That is a form that Cowan & Company
24 provided, correct?

25 A. Yes.

1 Q. Is that off the PPC handbook software?

2 A. Right. By the way, I don't know of any
3 auditor that would release the papers without those
4 documents.

5 MR. HERZOG: Just answer the question.

6 Q. What made your lawyer call the PCAOB lawyer
7 in 2015 to determine if you could sign off on the
8 reissuance of the fiscal 2014?

9 A. I answered that question before.

10 Q. I know, but you can answer again?

11 A. When he spoke to Tauriga's SEC counsel,
12 they raised the question that he I guess was not sure
13 of the answer and when he called me back he said he
14 would have to research it, it would take a few days
15 and jointly we agreed that maybe for expediency sake
16 to try to help Seth and get this thing off the
17 ground, if he called the PCA and talk to the attorney
18 and got confirmation.

19 Q. How come no one ever called PCAOB prior to
20 that to confirm you could do the reissuance?

21 A. I don't know the answer to that.

22 Q. At the time that your counsel called the
23 PCAOB about the reissuance, you were already paid in
24 July of 2015 that \$25,000 for the reissuance,
25 correct?

1 A. Correct.

2 Q. Prior to being paid the \$25,000 you
3 notified Tauriga that you could sign off and that you
4 were still independent, correct?

5 A. Yes.

6 Q. You did that even in writing, correct?

7 A. Yes. Based upon our discussions with
8 counsel, they led us to believe we had no infractions
9 against us. I had no problem making those
10 statements.

11 (Whereupon the reporter received and
12 marked Exhibit 17 for Identification.)

13 Q. Is Exhibit 17 one of the examples in which
14 you notified Tauriga that you were still independent
15 and you could sign off on the 2014 numbers?

16 A. Yes.

17 (Whereupon the reporter received and
18 marked Exhibit 18 for Identification.)

19 Q. For the record, Exhibit 18, the top half is
20 white because it was redacted for attorney/client
21 communication forwarding, so the e-mail starts on the
22 bottom. Do you recognize Exhibit 18?

23 A. What was on the top of it?

24 Q. Attorney/client communication. I am just,
25 for the record, identifying why it is white.

1 MR. HERZOG: Attorney/client meaning?

2 MR. SILVERBERG: Mr. Shaw and I or
3 Tauriga and I. They forwarded me the e-mail and that
4 is the top half.

5 A. What is the question?

6 Q. Sure. Do you recognize that e-mail?

7 A. I do.

8 Q. Is that your e-mail of July 23rd 2015 to
9 Tauriga?

10 A. Yes.

11 Q. Is this the first place you notified
12 Tauriga about the censure?

13 A. Yes.

14 Q. Is this the first place that Tauriga was
15 made aware of that PCAOB investigation at all?

16 MR. HERZOG: Object to the form.

17 A. I think so.

18 Q. Would you agree with me that in the third
19 paragraph sitting here today you know that's wrong,
20 the one that starts with as such?

21 A. I am not admitting or denying it.

22 Q. Okay. But you know your attorney told you
23 you couldn't, correct?

24 A. That's correct.

25 Q. Did you ever put in writing to Tauriga the

1 position that you could not reissue the 2014 numbers?

2 A. No, but our counsel told Tauriga's counsel.

3 Q. I am not going to mark it. I am going to
4 ask you for reference. I am going to show you what
5 has been bates Cowan 00624 through 626. Would you
6 tell me what these documents are?

7 A. This is the PCAOB information sheets that
8 they require completed in order to determine which
9 issuers they are going to inspect.

10 Q. So that is something they prepared for
11 clarification?

12 A. It is their form. We complete it.

13 Q. Who at Cowan Group was responsible for
14 filling in and preparing the form?

15 A. Rob Boyle initially completed it. Rob and
16 Dave Moss initially completed it and then I went over
17 it with them.

18 Q. Do you know what date you filled in this
19 form?

20 A. I would only be guessing.

21 Q. Do you know how to determine what date you
22 filled in this form?

23 A. How do I determine?

24 Q. Do you know how to determine? If you look
25 somewhere, is there an e-mail about it?

1 A. Oh, okay. The request went to Kevin
2 Donovan because he was the contact with the PCAOB and
3 they usually want it back in two weeks, so I will
4 give you my guesstimate based upon my experience with
5 Meyler & Company. If they were coming in in August,
6 they would probably of sent that in March of '14. It
7 was due in March and they would and then I don't know
8 what they did with it internally, but they used that
9 to do their risk analysis to determine which issuers
10 would be inspected.

11 Q. Okay.

12 A. Can I take a break?

13 Q. Yeah, sure.

14 (Whereupon there was a recess.)

15 Q. Sir, I am going to show you what has been
16 marked as Cowan 001 through 003. Can you identify
17 that document for me?

18 THE WITNESS: Are you okay with it?

19 MR. HERZOG: Yeah. Objection.

20 A. That was part of the initial response to
21 the informal inquiry. That was the index, if you
22 will, to all the documentation we sent PCAOB attorney
23 as a result of the informal inquiry letter.

24 Q. So it was on a zip drive if I remember
25 correctly from the e-mails to the PCAOB and that was

1 the index that was on the zip drive?

2 A. I don't know how you received it. I gave
3 the attorney a four-inch binder and he probably had
4 it copied or I don't know what he did. I didn't
5 care.

6 Q. Did there come a time that Cowan & Company
7 deregistered as to auditing work?

8 A. Define deregistered.

9 Q. I will say this, did there come a time that
10 Cowan & Company stopped doing auditing work for
11 issuers?

12 A. Cowan sold its SEC practice and
13 deregistered.

14 Q. When did Cowan & Company sell its SEC
15 auditing practice?

16 A. March 16th.

17 Q. Of 2016?

18 A. Yes.

19 Q. Was it to MSPC Certified Public Accountants
20 & Advisors, PC?

21 A. Yes.

22 Q. Where is MSPC CPA & Advisors located?

23 A. New Jersey.

24 Q. Do you have any affiliation with MSPC CPA &
25 Advisors, PC?

1 A. How do you define affiliation?

2 Q. Do you have any working relationship with
3 them?

4 A. I have a consulting agreement til December
5 31st to assist in a transition. That's it.

6 Q. As of today, do you still remain an
7 employee of Cowan and associates?

8 A. No.

9 Q. When did you stop being an employee of
10 Cowan and associates?

11 A. End of April.

12 Q. Is your consulting services for MSPC
13 limited to the clients that moved from Cowan &
14 Company as part of the sale?

15 A. Yes.

16 Q. Are you familiar with the OTC Markets
17 Group?

18 A. The what?

19 Q. OTC Markets Group?

20 A. Group?

21 Q. Yes.

22 A. Not really.

23 Q. Do you believe that Tauriga had the right
24 to know about the potential violations that the PCAOB
25 were investigating as to your independence with them?

1 A. No.

2 Q. Why not?

3 A. I considered it a private matter and I was
4 led to believe it would not affect them, so --

5 Q. Would you say it is more accurate that you
6 were not informed that it would affect them or that
7 you were led to believe it would not affect them?

8 A. I had no reason to believe that it would
9 affect them.

10 Q. Did Cowan group ever offer to return to
11 Tauriga any of the fees paid to it subsequent to the
12 PCAOB censure?

13 A. Why should it? Tauriga owed Cowan a
14 fortune.

15 Q. Are you aware of the fact that at the
16 opening of trade on July 31st, 2015 that Tauriga was
17 delisted from the OTC QB exchange to the OTC pink
18 limited information tier?

19 A. I think I was aware of that.

20 Q. Were you aware of it prior to this
21 litigation?

22 A. Prior to Tauriga filing a lawsuit?

23 Q. Yes.

24 A. Yes.

25 Q. How did you become aware of it?

1 A. I think they put some press releases out,
2 but also Rob Boyle in the office usually followed all
3 the clients and any information that was made public
4 about the clients, so I think he told me.

5 Q. Do you know if the SEC office of the chief
6 accountant made a determination on July 30, 2015 that
7 Tauriga was required to reaudit its fiscal year 2014
8 financial statements due to the PCAOB censure?

9 A. I was not aware of that.

10 Q. Do you believe for an issuer that it is
11 material to be delisted from the OTC QB exchange to
12 the OTC pink limited information tier?

13 MR. HERZOG: Objection.

14 A. I am not very knowledgeable in those
15 exchanges, so I couldn't opionate on that.

16 Q. Do you believe that Tauriga was negatively
17 affected due to the PCAOB censure against Cowan --

18 MR. HERZOG: Objection.

19 Q. -- Group and you pertaining to the fiscal
20 year 2014 year end audit?

21 A. Can you start that from the beginning?

22 Q. Sure. Do you believe that Tauriga was
23 negatively affected due to the violations committed
24 by you -- strike the question.

25 Do you believe that Tauriga was negatively

1 affected by the PCAOB censure against you and Cowan
2 Group pertaining to its fiscal year 2014 year end
3 audit?

4 A. No.

5 MR. HERZOG: Objection.

6 Q. When your attorney told you not to sign off
7 on the reissue for Tauriga, did that enlighten you
8 that there would be an issue associated with the
9 previous 2014 audit you did for Tauriga?

10 A. I surmised it might be a problem.

11 Q. Did you notify Tauriga in any way that
12 there may be a problem?

13 A. I think PCAOB counsel talked to Tauriga
14 counsel. I am sure they discussed it.

15 Q. I am merely asking did you?

16 A. I don't know what was discussed.

17 MR. HERZOG: Listen to his question.

18 Q. Did you notify Tauriga or any of its agents
19 about your feelings as to the 2014 numbers?

20 A. I believe Seth and I had some
21 conversations. I don't recall what they were, but I
22 think we did have some conversation.

23 Q. During those conversations, you believe you
24 told him about your concerns that came to light when
25 you tried to reissue the 2014 numbers?

1 A. I think I explained to him the situation
2 and how it transpired.

3 Q. Did you tell him to be aware that there
4 could be a problem with the 2014 numbers that Cowan
5 Group did?

6 A. I think he told me he was well aware of it.

7 MR. SILVERBERG: Nothing further. You
8 have the right to read or waive. I am leaving it
9 open. I don't have the text message, I don't have
10 the letter for the informal inquiries censure and
11 then we obviously have questions that you refuse to
12 answer as the 30(b)(6), but we are going to order
13 this, so you have a right to read or waive. Read
14 means you have the ability --

15 MR. HERZOG: We are not going to
16 waive.

17 MR. SILVERBERG: So read.

18 MR. HERZOG: Will you or Craig
19 tomorrow to set up a call at 3 o'clock?

20 MR. SILVERBERG: Whoever is available.

21 I told on the record to expedite the process, we
22 have no problem making everything confidential that
23 comes from KBL and then we can work together to what
24 we think it should only be the limited confidential
25 and try to work it out with their lawyer, but I'd

1 rather get everything sooner than later.

2 MR. HERZOG: He is still going to want
3 a confidentiality stip, so we can talk about that,
4 making that as simple and as all-encompassing as
5 possible and then schedule.

6 MR. SILVERBERG: If you have a
7 proposed one, send it on over and we will look at it
8 and we will try to move it as fast as possible.

9 MR. HERZOG: He said he was going to
10 start drafting it. Did you want this marked?

11 MR. SILVERBERG: He being KBL's
12 counsel?

13 MR. HERZOG: KBL's counsel.

14 MR. SILVERBERG: Okay. Just wanted to
15 make sure it wasn't my guy, okay.

16 (Whereupon the deposition concluded at
17 6:00 p.m.)

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C E R T I F I C A T E

I, SHASI ROMANKOW, a Certified Court Reporter and Notary Public of the State of New Jersey, certify that the foregoing is a true and accurate transcript of the testimony taken at the place and on the date hereinbefore set forth.

I FURTHER CERTIFY that I am neither attorney nor counsel for, nor related to or employed by any of the parties to the action in which this deposition was taken; and further, that I am not a relative or employee of any attorney or counsel employed in this case, nor am I financially interested in the action.

Shasi Romankow

SHASI ROMANKOW
CERTIFIED COURT REPORTER
LICENSE NO. XI01874

1 Reference No.: 441628

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3 Case: TAURIGA SCIENCES vs. COWAN
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DECLARATION UNDER PENALTY OF PERJURY

I declare under penalty of perjury that I have read the entire transcript of my Deposition taken in the captioned matter or the same has been read to me, and the same is true and accurate, save and except for changes and/or corrections, if any, as indicated by me on the DEPOSITION ERRATA SHEET hereof, with the understanding that I offer these changes as if still under oath.

William Meyler

NOTARIZATION OF CHANGES
(If Required)

Subscribed and sworn to on the _____ day of

_____, 20____ before me,

(Notary Sign) _____

(Print Name) _____ Notary Public,

in and for the State of _____

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William Meyler

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