



Edgar Filing: GROWLIFE, INC. - Form 8-K

(Address of principal executive offices and zip code)

**(866) 781-5559**

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(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## Section 4 - Matters Related to Accountants and Financial Statements

### Item 4.01 Changes in Registrant's Certifying Accountant.

#### *Dismissal of PMB Helin Donovan LLP*

On July 13, 2016, GrowLife, Inc. (the "Company") dismissed PMB Helin Donovan LLP ("PMB") as our independent registered public accounting firm. The decision to change accountants was approved by our Audit Committee.

The PMB reports on our consolidated financial statements for the past two fiscal years did not contain an adverse opinion or a disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles, except that the audit report of PMB on our financial statements for fiscal years 2014 and 2015 contained an explanatory paragraph which noted that there was substantial doubt about our ability to continue as a going concern.

During our fiscal years ended December 31, 2014 and 2015 and through July 13, 2016, (i) there were no disagreements with PMB on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to PMB's satisfaction, would have caused PMB to make reference to the subject matter of such disagreements in its reports on our consolidated financial statements for such years, and (ii) there were no reportable events as defined in Item 304(a)(1)(v) of Regulation S-K other than at December 31, 2014 and 2015 and during the interim periods through March 31, 2016, except as follows:

#### *Audit Committee:*

On June 3, 2014, we formed an Audit Committee and appointed an audit committee financial expert as defined by SEC and as adopted under the Sarbanes-Oxley Act of 2002. Prior to this, we did not have an Audit Committee to oversee financial reporting and used external service providers to ensure compliance with the SEC requirements. The current Audit Committee has two management directors.

#### *Other Weaknesses:*

Our information systems lack sufficient controls limiting access to key applications and data.

Our inventory system lacked standardized product descriptions and effective controls to ensure the accuracy, valuation, and timeliness of the financial accounting process around inventory, including a lack of accuracy and basis for valuation resulting in adjustments to the amount of cost of revenues and the carrying amount of inventory.

The Company has provided PMB with a copy of the foregoing disclosures and requested that PMB furnish a letter to the Securities and Exchange Commission stating whether or not it agrees with the above statements. A copy of such letter is filed as Exhibit 16.1 to this Current Report on Form 8-K.

*Engagement of SD Mayer and Associates, LLP*

On July 13, 2016 the Company, upon the Audit Committee's approval, engaged the services of SD Mayer and Associates, LLP ("Mayer") as the Company's new independent registered public accounting firm to audit the Company's consolidated financial statements as of December 31, 2016 and for the year then ended. Mayer will be performing reviews of the unaudited consolidated quarterly financial statements to be included in the Company's quarterly reports on Form 10-Q going forward. The appointment of Mayer ensures continuity with the partner and staff, who previously worked for PMB.

During each of the Company's two most recent fiscal years and through the date of this report, (a) the Company has not engaged Mayer as either the principal accountant to audit the Company's financial statements, or as an independent accountant to audit a significant subsidiary of the Company and on whom the principal accountant is expected to express reliance in its report; and (b) the Company or someone on its behalf did not consult with Mayer with respect to (i) either: the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on the Company's financial statements, or (ii) any other matter that was either the subject of a disagreement or a reportable event as set forth in Items 304(a)(1)(iv) and (v) of Regulation S-K.

