By this Order, the Public Company Accounting Oversight Board ("Board" or "PCAOB") is barring Darrin G. Estella, CPA ("Estella" or "Respondent") from being an associated person of a registered public accounting firm.1 The Board is imposing this sanction on the basis of its findings concerning Respondent's violations of PCAOB rules and auditing standards in connection with the improper creation, addition, and backdating of audit documentation prior to a Board inspection.

I.

On December 6, 2010, the Board instituted disciplinary proceedings pursuant to Section 105(c) of the Sarbanes-Oxley Act of 2002 ("Act") and PCAOB Rule 5200(a)(1) against Respondent. Pursuant to Section 105(c)(2) of the Act and PCAOB Rule 5203, these proceedings were not public. Pursuant to Section 105(c)(2) and PCAOB Rule 5203, the Board determined that good cause was shown to make the hearing in this proceeding public. As permitted by Section 105(c)(2) of the Act and PCAOB Rule 5203, the Division of Enforcement and Investigations consented to making the hearing in this proceeding public. As permitted by Section 105(c)(2) of the Act and PCAOB Rule 5203, Respondent did not consent to making the hearing public.

II.

In response to these proceedings and pursuant to PCAOB Rule 5205, Respondent submitted an Offer of Settlement ("Offer") that the Board has determined to accept. Solely for purposes of these proceedings and any other proceedings brought by or on behalf of the Board, or to which the Board is a party, and without admitting or denying the findings herein, except as to the Board's jurisdiction over Respondent and

1/ Respondent may file a petition for Board consent to associate with a registered public accounting firm after two (2) years from the date of this Order.
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the subject matter of these proceedings, which is admitted, Respondent consents to the entry of this Order Making Findings and Imposing Sanctions ("Order") as set forth below.

III.

On the basis of Respondent's Offer, the Board finds that:2/

A. Respondent

1. Darrin G. Estella, 36, of Salem, Massachusetts, is a certified public accountant who is licensed under the laws of the Commonwealth of Massachusetts (license no. 22794). At all relevant times, Estella was a senior manager in the Boston, Massachusetts office of Ernst & Young LLP ("E&Y"), and an associated person of a registered public accounting firm as that term is defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i). E&Y removed Estella from the audit engagement team for the "Company," as defined below in paragraph four, in June 2010, and subsequently separated Estella from employment.

B. Summary

2. E&Y has been the independent auditor for the Company since May 4, 2002. E&Y issued an audit report expressing an unqualified opinion on the Company's September 30, 2009 financial statements. Respondent was the senior manager for the audit of the Company's September 30, 2009 financial statements ("Audit") and began working on the Company audit engagement in 2005. Respondent was supervised by

2/ The findings herein are made pursuant to the Respondent's Offer and are not binding on any other person or entity in this or any other proceeding. The sanctions that the Board is imposing in this Order may be imposed only if a respondent's conduct meets one of the conditions set out in Section 105(c)(5) of the Act, 15 U.S.C. § 7215(c)(5). The Board finds that Respondent's conduct described in this Order meets the condition set out in Section 105(c)(5)(A), which provides that such sanctions may be imposed in the event of (A) intentional or knowing conduct, including reckless conduct, that results in a violation of the applicable statutory, regulatory, or professional standard; or (B) repeated instances of negligent conduct, each resulting in a violation of the applicable statutory, regulatory, or professional standard.
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Peter C. O'Toole, an E&Y engagement partner, and supervised other members of the audit engagement team including Jacqueline A. Higgins, an E&Y manager.

3. This matter concerns Respondent's violations of PCAOB rules and auditing standards. Respondent repeatedly violated both Rule 4006, Duty to Cooperate with Inspectors, and Auditing Standard No. 3 ("AS3"), Audit Documentation. Under O'Toole's supervision and with his authorization, Respondent, and others supervised and authorized by him, improperly created, added, and backdated working papers in advance of the Board's inspection of the Audit, and provided misleading documents and information to the Board, in violation of Rule 4006. In violation of AS3, Respondent, and others supervised and authorized by him, and with O'Toole's authorization: added documents to the working papers without indicating the dates that documents were added to the working papers, the names of the persons preparing the additional documentation, and the reason for adding the documentation months after the documentation completion date.

C. Respondent Violated PCAOB Rules and Auditing Standards.

4. The Company is an "issuer" as that term is defined in Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii). In April 2010, the Board inspected E&Y's audit of the Company's September 30, 2009 financial statements.

5. PCAOB rules require that an associated person of a registered public accounting firm "shall cooperate with the Board in the performance of any Board inspection." This cooperation obligation "includes an obligation not to provide misleading documents or information in connection with the Board's inspection processes." PCAOB rules also require that associated persons of registered public

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4/ See Jacqueline A. Higgins, CPA, PCAOB Release No. 105-2010-008 (Dec. 3, 2010) (Board order imposing sanctions and making findings relating to Higgins's conduct in same subject matter as this Order).

5/ PCAOB Rule 4006, Duty to Cooperate with Inspectors.

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accounting firms comply with the Board's auditing standards.\textsuperscript{7} Among other things, PCAOB auditing standards require that an auditor make certain written disclosures if the auditor adds audit working papers after the documentation completion date.\textsuperscript{8} As detailed below, Respondent violated PCAOB rules and auditing standards when he and others supervised and authorized by him: (1) improperly created, added, and backdated audit working papers; and (2) provided misleading audit documentation to the Board in connection with the Board's inspection of the Audit.

The Audit

6. E&Y audited the Company's September 30, 2009 financial statements. E&Y's audit report was dated November 23, 2009. The audit report expressed an unqualified opinion and stated that the Audit was conducted in accordance with PCAOB standards. The audit report stated that the Company's September 30, 2009 financial statements presented fairly, in all material respects, the Company's financial position, results of operations, and changes in net assets in conformity with U.S. Generally Accepted Accounting Principles ("GAAP"). The audit report was included in the Company's annual report filed with the U.S. Securities and Exchange Commission ("Commission") on November 27, 2009.

7. The audit report release date for the Audit was November 24, 2009.\textsuperscript{9} The documentation completion date, therefore, was January 8, 2010.\textsuperscript{10} While information may be added to the working papers after the documentation completion date, the new documentation must disclose the date the information was added, the person preparing the additional documentation, and the reason for adding the information to the working papers after the documentation completion date.\textsuperscript{11}

\textsuperscript{7} See PCAOB Rule 3100, \textit{Compliance with Auditing and Related Professional Practice Standards}.

\textsuperscript{8} See AS3 ¶ 16.

\textsuperscript{9} See id. ¶ 14 (defining report release date as "date the auditor grants permission to use the auditor's report in connection with the issuance of the company's financial statements").

\textsuperscript{10} See id. ¶ 15 (defining documentation completion date as "a date not more than 45 days after the report release date").

\textsuperscript{11} Id.
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Steps Taken in Advance of the Board's Inspection

8. On March 30, 2010, the Board notified E&Y that the Board's Division of Registration and Inspections ("Board's Inspection Division") would inspect the Audit. The Act "requires the Board to conduct a 'continuing program of inspections to assess the degree of compliance of each registered public accounting firm and associated persons . . . with [the Act], the rules of the Board, the rules of the Commission, or professional standards.'"12/

9. On or before March 31, 2010, Respondent, O'Toole, and Higgins were notified that the Audit would be inspected by the Board's Inspection Division. Field work for the inspection was scheduled to commence the week of April 19, 2010.

10. On or before March 31, 2010, Respondent, O'Toole, and Higgins each had received an email in which E&Y expressly instructed the members of the Audit engagement team that no modifications, additions, or deletions should be made to the working papers of the Audit in preparation for the Board's inspection.

Respondent and Others Reviewed the External Working Papers

11. On or about March 31, 2010, O'Toole directed an E&Y staff person on the Company audit engagement team to retrieve the hard copy external working papers for the Audit ("external working papers"). The staff person retrieved the external working papers from the Records Center in E&Y's Boston office, and placed the working papers in a conference room in E&Y's Boston office.

12. On or about April 5, 2010, Respondent, O'Toole, and Higgins began working together in this conference room, in the course of preparing for the upcoming Board inspection. O'Toole directed Respondent and Higgins to review the external working papers. On April 6, 2010, Respondent and O'Toole were informed that the Board's sole area of focus for the Inspection would be "securities valuation."

Respondent and O'Toole Created and Backdated a Working Paper

13. After review of the external working papers, O'Toole told Respondent that a document needed to be created summarizing work that Respondent and O'Toole asserted was done during the Audit concerning the valuation of one of the Company's investments in another company's common and convertible preferred shares (the

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"Asset"). Respondent and O'Toole understood that the valuation of the Asset was the most significant issue in the Audit, and that the audit work related to the valuation of the Asset could be an area of focus for the Board during the upcoming inspection. O'Toole and Respondent decided to create a document summarizing work that Respondent and O'Toole asserted was done during the Audit concerning the valuation of the Asset, and to add this document to the external working papers.

14. With O'Toole's knowledge, Respondent called an E&Y staff person, who was not a member of the Company Audit engagement team, into the conference room containing the external working papers, asked the staff person to give Respondent the staff person's laptop, and asked the staff person to leave the conference room. Respondent inserted a flash drive into the laptop. The flash drive contained a form document. Respondent used the form to draft a memorandum regarding audit work related to the valuation of the Asset ("H10.3 Working Paper"). O'Toole reviewed the draft document on the laptop and made revisions. Respondent then printed out the final version of the H10.3 Working Paper. In an effort to limit any electronic record of the creation of the H10.3 Working Paper, Respondent did not save the memorandum on the laptop, or on the flash drive. Respondent threw away the flash drive and returned the laptop to the staff person.

15. O'Toole and Respondent, at O'Toole's direction, backdated the final version of the H10.3 Working Paper to November 24, 2009, despite the fact that it was created in April 2010, in order to make it appear that the working paper had been created at the time of the Audit. Respondent, with O'Toole's knowledge and authorization, added the H10.3 Working Paper to the external working papers. In violation of AS3, the H10.3 Working Paper did not indicate the date it was added to the working papers, the person preparing the additional documentation, or the reason for adding the additional information to the working papers three months after the documentation completion date.

16. At the time of this conduct, Respondent understood that he was violating E&Y policy on audit documentation as well as professional auditing standards.

Respondent Authorized Others Improperly To Alter, Add, and Backdate Working Papers

17. Based on her review of the external working papers, Higgins identified for Respondent and O'Toole certain documents she believed were not in the external working papers about which the Board's Inspection Division might inquire. Under O'Toole's supervision and with his authorization, Respondent thereafter authorized Higgins improperly to alter, add, and backdate documents in the external working papers.
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18. First, Respondent, under O'Toole's supervision and with his authorization, directed Higgins to create and print out a "Review Procedures Memorandum" and to backdate the document to November 30, 2009. Respondent also backdated his sign-off on this working paper. Respondent directed Higgins to add this document to the working papers.

19. Second, Respondent, under O'Toole's supervision and with his authorization, directed Higgins to assemble three checklists obtained after the documentation completion date and in advance of the inspection into a single document ("HH6.8 Working Paper") and to backdate her sign-off on this working paper to November 2009. Respondent, as well, backdated his sign-off on this working paper. Respondent directed Higgins to add the HH6.8 Working Paper to the external working papers.

The Misleading Engagement Profile

20. Before inspection field work began, E&Y produced to the Board a document entitled Public Company Accounting Oversight Board 2010 Inspection Period Engagement Profile ("Engagement Profile"). Respondent drafted the Engagement Profile, and O'Toole reviewed the document and provided revisions to it.

21. One of the questions in the Engagement Profile stated: "Have there been any changes made to the audit documentation subsequent to the documentation completion date [?] If yes, please explain the nature of the changes below, and provide a summary log of when the changes were made." In reply to this question, Respondent and O'Toole represented that "[n]o changes [had] been made."

22. At no point in time did Respondent disclose to the Board's Inspection Division that the Respondent, O'Toole, and Higgins had, in fact, improperly created, added, and backdated documents in the external working papers, months after the documentation completion date, and shortly before the inspection.

Misleading Documents Provided to the Board During the Board's Inspection

23. Field work for the Board's inspection took place during the week of April 19, 2010. During field work, E&Y made the external working papers available to the Board's inspectors, including the improperly added documents which were placed in the external working papers shortly before the Board's inspection. Respondent did not advise the inspectors that any of these documents were improperly added to the external working papers in April 2010.
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24. Respondent understood that the Board's inspectors could request and receive copies of working papers from the Audit. During field work, Board inspectors requested copies of certain external working papers, including certain of the late-added documents. On April 22, 2010, Higgins emailed to a Board inspector copies of the H10.3 Working Paper and the HH6.8 Working Paper. Respondent did not disclose to the Board that these documents were improperly added to the external working papers in April 2010.

25. On May 21, 2010, the Board issued an inspection comment form to E&Y ("Comment Form"). By May 24, 2010, Respondent had received a copy of the Comment Form. The Comment Form discussed the audit work related to the valuation of the Asset. The Comment Form quoted directly from the backdated H10.3 Working Paper.

26. At no time, however, did Respondent disclose to the Board's Inspection Division that the document the Comment Form was quoting was improperly backdated, and that it was improperly added to the external working papers in April 2010, just before the Board's inspectors began their field work.

27. As a result of the conduct described above, Respondent violated Rule 4006, Duty to Cooperate with Inspectors, and AS3, Audit Documentation.

IV.

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

A. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Darrin G. Estella, CPA, is barred from being an associated person of a registered public accounting firm, as that term is defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i); and
ORDER

B. After two (2) years from the date of this Order, Darrin G. Estella may file a petition, pursuant to PCAOB Rule 5302(b), for Board consent to associate with a registered public accounting firm.

ISSUED BY THE BOARD.

/s/ J. Gordon Seymour

J. Gordon Seymour
Secretary

August 1, 2011