



ORDER

Respondent consents to entry of this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions ("Order") as set forth below.¹

III.

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

A. Respondent

1. Nexia Samduk is, and at all relevant times was, a limited liability corporation organized under the laws of the Republic of Korea, and headquartered in Seoul, Republic of Korea. The Firm is a member of the Nexia International Limited network. At all relevant times, the Firm has been registered with the Board pursuant to Section 102 of the Act and PCAOB rules. As of its 2016 Annual Report on PCAOB Form 2, the Firm had 22 accountants, did not issue an audit report for an issuer during the reporting period, and did not play a substantial role in the preparation or furnishing of an audit report for an issuer that was issued during the reporting period. The Firm is licensed in the Republic of Korea by the Ministry of Finance and Economy (license no. 25).

B. Summary

2. This matter concerns the Firm's failures to timely disclose six reportable events to the Board on Form 3 as required by PCAOB rules. PCAOB rules required the Firm to complete and file a PCAOB special report on Form 3 to report any event specified in that form within 30 days of the event's occurrence. Among the events that the Firm needed to report on Form 3 was its becoming a respondent in certain disciplinary proceedings.

3. In 2014 and 2015, the Firm became a respondent in six separate disciplinary proceedings; two initiated by the Securities and Futures Commission of the Republic of Korea and four initiated by the Korean Institute of Certified Public Accountants. Each of those six proceedings involved a reportable event under Form 3. The Firm failed to file a Form 3 reporting the proceedings until months after learning of the initiation of the proceedings, and well after the 30-day reporting deadline.

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

ORDER

C. Respondent Failed to Timely Disclose Certain Reportable Events to the Board, in Violation of PCAOB Rules

4. PCAOB Rule 2203 provides that a registered public accounting firm must file a special report on Form 3 to report any event specified in that form within thirty days of the event's occurrence.² One such specified event occurs when a firm "has become aware that, in a matter arising out of the Firm's conduct in the course of providing professional services for a client, the Firm has become a defendant or respondent in a civil or alternative dispute resolution proceeding initiated by a governmental entity or in an administrative or disciplinary proceeding other than a Board disciplinary proceeding" ("Item 2.7 Proceeding").³ With respect to six such events involving Item 2.7 Proceedings, the Firm failed to timely file a Form 3 with the Board.

5. During 2014 and 2015, the Firm became aware that it had become a respondent in six separate disciplinary proceedings. Each of the proceedings arose out of the Firm's audit of one or more Korean companies that were not issuers.⁴ The Firm learned of each of the proceedings on or about the following dates:

- Proceeding 1 February 14, 2014

² See PCAOB Rule 2203, *Special Reports*. As the Board noted when adopting its rules on special reporting, "[R]eportable events will sometimes occur, and the public interest, as well as the ability to consider whether prompt action is warranted by the Board's inspection staff or enforcement staff, will be served by contemporaneous reporting of the event." PCAOB Rel. No. 2008-004, at 17 (June 10, 2008).

³ PCAOB Form 3, at Item 2.7 (italics in the original removed). To be reportable under Item 2.7, the proceeding only has to relate to professional services for a client, and does not necessarily have to involve an audit of an issuer, broker, or dealer as those terms are defined under PCAOB rules.

⁴ The term "issuer" means an issuer (as defined in Section 3 of the Securities and Exchange Act of 1934 (the "Exchange Act")), the securities of which are registered under Section 12 of the Exchange Act, or that is required to file reports under Section 15(d) of the Exchange Act, or that files or has filed a registration statement that has not yet become effective under the Securities Act of 1933, and that it has not withdrawn. See PCAOB Rule 1001(i)(iii).

ORDER

- Proceeding 2 December 2, 2014
- Proceeding 3 December 12, 2014
- Proceeding 4 January 15, 2015
- Proceeding 5 January 15, 2015
- Proceeding 6 April 28, 2015

6. In violation of Rule 2203, the Firm failed to file a Form 3 with respect to Proceeding 1 above until June 27, 2015, months after learning of the initiation of the proceeding. Additionally, in violation of Rule 2203, the Firm failed to file a Form 3 with respect to the other five proceedings described above until June 29, 2015, months after learning of the initiation of each of those proceedings.

Failures in the Firm's Internal System of Compliance

7. The Firm's internal compliance and reporting systems failed to identify the initiation of the six proceedings described above as being reportable to the PCAOB.

IV.

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

- A. Pursuant to Section 105(c)(4)(E) of the Act and PCAOB Rule 5300(a)(5), the Firm is hereby censured;
- B. Pursuant to Section 105(c)(4)(D) of the Act and PCAOB Rule 5300(a)(4), a civil money penalty in the amount of \$10,000 is imposed upon the Firm. All funds collected by the Board as a result of the assessment of this civil money penalty will be used in accordance with Section 109(c)(2) of the Act. The Firm shall pay this civil money penalty within ten (10) days of the issuance of this Order by (1) wire transfer pursuant to instructions provided by Board staff; or (2) United States Postal Service money order, bank money order, certified check, or bank cashier's check (a) made payable to the Public Company Accounting Oversight Board, (b) delivered to the Controller, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006, and (c) submitted under a cover

ORDER

letter, which identifies the Firm as a respondent in these proceedings, sets forth the title and PCAOB release number of these proceedings, and states that payment is made pursuant to this Order, a copy of which cover letter and money order or check shall be sent to Office of the Secretary, Attention: Phoebe W. Brown, Secretary, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006; and

C. Pursuant to Section 105(c)(4)(G) of the Act and PCAOB Rule 5300(a)(9), the Firm is required:

1. within ninety (90) days from the date of this Order, to establish policies and procedures, or revise and/or supplement existing policies and procedures, for the purpose of providing the Firm with reasonable assurance of compliance with PCAOB reporting requirements, including policies and procedures providing reasonable assurance that reportable events are identified by Firm personnel who participate in the Firm's PCAOB reporting process and that those events are reported on the applicable PCAOB form in a timely and complete manner;
2. within ninety (90) days from the date of this Order, to establish policies to ensure training concerning PCAOB reporting requirements, at least annually, of any Firm personnel who participate in the Firm's PCAOB reporting process;
3. within ninety (90) days from the date of this Order, to assign the role of compliance with PCAOB reporting matters to an individual within the Firm who possesses adequate knowledge and experience with PCAOB reporting requirements and sufficient authority within the Firm to fulfill those requirements on behalf of the Firm; and
4. within one hundred twenty (120) days from the date of this Order, to have the individual referenced in paragraph C.3 above certify in writing to the Director of the Division of Enforcement and Investigations, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006, the Firm's compliance with paragraphs C.1 through C.3 above. The certification shall identify the undertakings, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Firm shall also submit such additional evidence of and information concerning compliance as

ORDER

the staff of the Division of Enforcement and Investigations may reasonably request.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

March 29, 2017