

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. PricewaterhouseCoopers Auditores, S.L. is, and at all relevant times was, a limited liability corporation organized under Spanish law, and headquartered in Madrid, Spain. The Firm is a member of the PricewaterhouseCoopers 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 879 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 Spain by the *Instituto de Contabilidad y Auditoria de Cuentas* ("ICAC"), the foreign auditor oversight authority in Spain (license no. S0242).²

B. Summary

2. This matter concerns the Firm's failures to timely disclose seven 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 were (a) its becoming a respondent in certain disciplinary proceedings; and (b) the conclusion of certain disciplinary proceedings in which it had been a respondent.

3. From 2012 to 2015, the Firm became a respondent in six separate disciplinary proceedings initiated by ICAC. Each of those six proceedings involved reportable events under Form 3. With respect to five of the proceedings, the Firm failed

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.

² A "foreign auditor oversight authority" means any governmental body or other entity empowered by a foreign government to conduct inspections of public accounting firms or otherwise to administer or enforce laws related to the regulation of public accounting firms. See Section 2(a)(17) of the Act, 15 U.S.C. § 7201(a)(17). See also PCAOB Rule 1001(f)(iii).

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to file a Form 3 reporting the proceedings until approximately a year after learning of the initiation of the proceedings, and well after the 30-day reporting deadline. Additionally, with respect to the sixth ICAC proceeding, the Firm never filed a Form 3 reporting the initiation of the proceeding and failed to file a Form 3 reporting the conclusion of the proceeding until over two years after becoming aware of the conclusion of the proceeding.

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.³ 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").⁴ Another such specified event occurs when a firm "has become aware that" an Item 2.7 Proceeding "has been concluded." With respect to seven such events involving six Item 2.7 Proceedings, the Firm failed to timely file a Form 3 with the Board.

The Firm Failed to Timely Disclose the Initiation of Five Reportable Events

5. During 2014 and 2015, the Firm became aware that it had become a respondent in five separate disciplinary proceedings initiated by ICAC. Each of the

³ 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).

⁴ 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.

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proceedings arose out of the Firm's audit of a Spanish company that was not an issuer.⁵ The Firm learned of each of the proceedings on or about the following dates:

- Proceeding 1 March 11, 2014
- Proceeding 2 June 18, 2014
- Proceeding 3 July 3, 2014
- Proceeding 4 February 27, 2015
- Proceeding 5 February 27, 2015

6. In violation of Rule 2203, the Firm (a) failed to file a Form 3 with respect to the first three proceedings described above until June 30, 2015, approximately a year after learning of the initiation of each of those three proceedings; and (b) failed to file a Form 3 with respect to the fourth and fifth proceedings described above until March 26, 2016, approximately a year after learning of the initiation of each of those proceedings. The Firm filed the required Forms 3 as to Proceedings 1 through 5 only after receiving notice that ICAC had decided, pursuant to its administrative procedures, to propose a sanction on the Firm.

The Firm Failed to Timely Disclose the Initiation and Conclusion of a Proceeding

7. On or about May 9, 2012, the Firm became aware that it had become a respondent in another disciplinary proceeding initiated by ICAC. The proceeding arose out of the Firm's audit of a Spanish company that was not an issuer. In violation of Rule 2203, the Firm never reported the initiation of this proceeding in a Form 3.

8. In addition, on or about April 11, 2013, the Firm became aware that the proceeding had concluded. The Firm failed to file a Form 3 with respect to the conclusion of this proceeding, however, until June 30, 2015, over two years after learning of the conclusion of the proceeding.

⁵ 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).

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Failure of the Firm's Reporting System

9. The Firm's reporting system failed to identify the initiation and/or conclusion of the proceedings described above as being reportable to the PCAOB.

IV.

10. The Firm has represented to the Board that, since the events described in this Order, it has established and implemented the following changes to its policies and procedures for the purpose of providing the Firm with reasonable assurance of compliance with PCAOB reporting requirements:

- a. The Firm has revised and supplemented its 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;
- b. The Firm has established policies to ensure training concerning PCAOB reporting requirements, at least annually, of any Firm personnel who participate in the Firm's PCAOB reporting process; and
- c. The Firm has assigned 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.

V.

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; and
- 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 \$15,000 is imposed upon the Firm. All funds collected by the Board as a result of the assessment of this civil

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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 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.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

March 29, 2017