
ORDER INSTITUTING DISCIPLINARY)
PROCEEDINGS, MAKING FINDINGS,)
AND IMPOSING SANCTIONS) PCAOB Release No. 105-2018-020
)
In the Matter of Deloitte LLP,) October 16, 2018
)
Respondent.)

By this Order, the Public Company Accounting Oversight Board ("Board" or "PCAOB") is censuring Deloitte LLP ("Deloitte Canada" or "Respondent" or "Firm"), imposing a civil money penalty of \$350,000 on the Firm, and requiring the Firm to undertake a review of relevant policies and procedures, and related professional and educational training, to provide reasonable assurance of compliance with applicable independence criteria. The Board is imposing these sanctions on the basis of its findings that, in connection with three audits of an issuer client, the Firm violated PCAOB rules and standards by failing to satisfy applicable independence criteria, including as set forth in U.S. Securities and Exchange Commission ("Commission") rules.

I.

The Board deems it necessary and appropriate, for the protection of investors and to further the public interest in the preparation of informative, accurate, and independent audit reports, that disciplinary proceedings be, and hereby are, instituted against Respondent pursuant to Section 105(c) of the Sarbanes-Oxley Act of 2002, as amended (the "Act"), and PCAOB Rule 5200(a)(1).

II.

In anticipation of the institution of these proceedings, and pursuant to PCAOB Rule 5205, Respondent has 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 the subject matter of these proceedings, which is admitted, Respondent consents to the entry of this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions ("Order") as set forth below.¹

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

ORDER**III.**

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

A. Respondent Firm

1. Deloitte LLP is a public accounting firm organized as a limited liability partnership under the laws of Canada and headquartered in Toronto. It is the Canadian member firm of the Deloitte Touche Tohmatsu Limited global network of firms ("DTTL"). At all relevant times, the Firm was the external auditor for issuer Banro Corporation ("Banro"). The Firm ceased serving as Banro's external auditor in April 2017. The Firm is, and at all relevant times was, registered with the Board pursuant to Section 102 of the Act and PCAOB rules.

B. Relevant Associated Entities

2. Deloitte & Touche ("Deloitte South Africa") is a public accounting firm organized as a partnership under the laws of South Africa and headquartered in Johannesburg. It is the South African member firm of DTTL. It is, and at all relevant times was, registered with the Board pursuant to Section 102 of the Act and PCAOB rules, and an associated entity of Deloitte Canada within the meaning of PCAOB Rule 1001(a)(iv) and Rule 2-01(f)(2) of Commission Regulation S-X.² It is considered part of Deloitte Canada for purposes of the Commission's auditor independence rules.³

3. Venmyn Deloitte (Pty) Ltd. ("Venmyn Deloitte") is a mining services company based in South Africa and a wholly owned subsidiary of Deloitte South Africa. Venmyn Deloitte was created in connection with Deloitte South Africa's acquisition of certain assets of the mining services company Venmyn Rand (Pty) Ltd. ("Venmyn Rand") on November 1, 2012. Venmyn Deloitte is, and at all relevant times since November 1, 2012 has been, an associated entity of Deloitte Canada within the meaning of PCAOB Rule 1001(a)(iv) and Rule 2-01(f)(2) of Regulation S-X. It is considered part of Deloitte Canada for purposes of the Commission's auditor independence rules.⁴

C. Issuer

4. Banro Corporation is a Canadian gold mining company with operations in the Democratic Republic of the Congo ("DRC"). At all relevant times, Banro had

² 17 C.F.R. § 210.2-01(f)(2).

³ Under the Commission's auditor independence rules, the term "accounting firm" is defined to include the firm's "associated entities, including those located outside the United States." *Id.*

⁴ *Id.*

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securities registered for trading on the NYSE MKT LLC pursuant to Section 12(b) of the Securities Exchange Act of 1934, and was an issuer as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

5. The Firm issued audit reports on Banro's financial statements for the fiscal years ending on, and internal control over financial reporting as of, December 31 of 2012, 2013, and 2014. The Firm's audit reports were included in annual reports Banro filed with the Commission on Forms 20-F or 40-F.

D. Summary

6. This matter concerns Deloitte Canada's failure to comply with PCAOB rules and standards that require a registered public accounting firm, including any associated entity of the firm, to be independent of the firm's audit client throughout the audit and professional engagement period. Deloitte Canada failed to maintain its independence in connection with the Firm's audits of Banro for fiscal years 2012, 2013, and 2014 as a result of certain non-audit services that Venmyn Deloitte (f/k/a Venmyn Rand) provided Banro during these years in connection with two gold mines in the DRC.

7. In early 2012, prior to its acquisition by Deloitte South Africa, Venmyn Rand prepared a technical report for Banro on the company's Namoya gold mine in the DRC ("2012 Namoya Report") in accordance with the statutory requirements of Canadian National Instrument 43-101, *Standards of Disclosure for Mineral Projects* ("NI 43-101").⁵ The 2012 Namoya Report, which Banro publicly furnished to the Commission, contained certain gold mineral resource estimates and a related valuation of the Namoya mine based on a discounted cash flow analysis. Venmyn Rand estimated that the Namoya mine had a fair value of \$366 million.

8. In connection with the Firm's subsequent audit of Banro's 2012 financial statements, and after Deloitte South Africa's acquisition of Venmyn Rand, Venmyn Deloitte's managing director confirmed for the Deloitte Canada engagement team that he was the "qualified person" responsible for the 2012 Namoya Report.⁶ The engagement team then relied on the report's valuation as audit evidence supporting management's representations regarding the carrying value of the Namoya mining assets reported in Banro's financial statements, as well as Banro's ability to continue as a going concern. The engagement team also evaluated certain key assumptions underlying the valuation. Venmyn Deloitte and its managing director also consented to Banro's public use of their names in connection with the 2012 Namoya Report, which was referenced in Banro's 2012 annual report filed with the Commission.

⁵ 34 Ontario Securities Commission Bulletin ("OSCB") 7043 (2011).

⁶ A "qualified person" is defined in NI 43-101 as an engineer or geoscientist with certain education, experience, and professional credentials related to mineral exploration or mining. 34 OSCB 7043, at 7046-47.

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9. In 2013 and 2014, Venmyn Deloitte prepared two additional NI 43-101 technical reports for Banro, one for the Lugushwa gold mine in the DRC ("2013 Lugushwa Report") and a new one for the Namoya gold mine in the DRC ("2014 Namoya Report"). Both technical reports, which Banro publicly furnished to the Commission, contained certain gold mineral resource or reserve estimates that Banro had previously disclosed publicly in press releases. Each press release stated that Venmyn Deloitte's managing director had reviewed and approved the release, and that he was the "qualified person" under NI 43-101 "responsible" for certain of the mineral resource or reserve estimates disclosed therein. Similarly, each technical report stated that Venmyn Deloitte's managing director was the "qualified person" under NI 43-101 who took responsibility for the entire report, including the mineral resource and reserve estimates therein.

10. As a result, Deloitte Canada's independence during the 2012, 2013, and 2014 Banro audits was impaired. Deloitte Canada's independence was impaired during the 2012 audit because the engagement team relied on the valuation in the 2012 Namoya Report, for which Venmyn Deloitte and its managing director took responsibility, as audit evidence supporting Banro management's representations, and subjected it to audit procedures. By auditing work for which its associated entity, Venmyn Deloitte, took responsibility, Deloitte Canada in effect audited its own work under relevant independence rules. Deloitte Canada's independence during the 2012, 2013, and 2014 Banro audits also was impaired because Venmyn Deloitte publicly took responsibility in the technical reports and related press releases for certain of Banro's gold mineral resource and reserve estimates, thereby creating a mutual interest between Deloitte Canada and Banro in those estimates being correct. Accordingly, Deloitte Canada violated PCAOB Rule 3520, *Auditor Independence*, because it was not independent of Banro in both fact and appearance within the meaning of Rule 2-01(b) of Regulation S-X,⁷ and Interim Auditing Standard ("AU") § 220, *Independence*.⁸

E. The Firm Failed to Comply with the Auditor Independence Requirements

11. In connection with the preparation or issuance of any audit report, PCAOB rules provide that a registered public accounting firm and its associated persons shall comply with all applicable auditing and related professional practice standards.⁹

⁷ 17 C.F.R. § 210.2-01(b).

⁸ All references herein to PCAOB rules and standards are to the versions of those rules and standards in effect at the time of the relevant conduct. As of December 31, 2016, the PCAOB reorganized its auditing standards using a topical structure and a single, integrated numbering system. *Reorganization of PCAOB Auditing Standards and Related Amendments to PCAOB Standards and Rules*, PCAOB Rel. No. 2015-002 (Mar. 31, 2015).

⁹ PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*; PCAOB Rule 3200T, *Interim Auditing Standards*.

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PCAOB rules and standards also require that a registered public accounting firm and its associated persons be independent of the firm's audit client, including throughout the audit and professional engagement period.¹⁰ The audit and professional engagement period includes the period covered by any financial statements being audited or reviewed, and the period of the engagement to audit or review an audit client's financial statements or prepare a report filed with the Commission.¹¹

12. A registered public accounting firm's independence obligation with respect to an issuer audit client encompasses not only an obligation to satisfy the independence criteria set out in the rules and standards of the PCAOB, but also an obligation to satisfy all other independence criteria applicable to the engagement, including the independence criteria set out in the rules and regulations of the Commission under the federal securities laws.¹²

13. Rule 2-01 of Regulation S-X "is designed to ensure that auditors are qualified and independent of their audit clients both in fact and in appearance."¹³ Rule 2-01(b), which "sets forth the general standard of auditor independence",¹⁴ provides that an accountant is not independent of an audit client if, at any point during the audit and professional engagement period, "the accountant is not, or a reasonable investor with knowledge of all relevant facts and circumstances would conclude that the accountant is not, capable of exercising objective and impartial judgment on all issues encompassed within the accountant's engagement."¹⁵ Rule 2-01(f) of Regulation S-X defines the term "accountant" to include a registered public accounting firm,¹⁶ and the term "accounting firm" to include the firm's "associated entities, including those located outside the United States."¹⁷

¹⁰ PCAOB Rule 3520; AU § 220.

¹¹ PCAOB Rule 3501, *Definitions of Terms Employed in Section 3, Part 5 of the Rules*, subsection (a)(iii).

¹² PCAOB Rule 3520, Note 1.

¹³ 17 C.F.R. § 210.2-01, Preliminary Note 1.

¹⁴ *Id.*

¹⁵ 17 C.F.R. § 210.2-01(b). Rule 2-01(b) further provides that a determination of whether an accountant is independent takes into consideration "all relevant circumstances, including all relationships between the accountant and the audit client, and not just those relating to reports filed with the Commission."

¹⁶ 17 C.F.R. § 210.2-01(f)(1).

¹⁷ 17 C.F.R. § 210.2-01(f)(2).

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14. Application of Rule 2-01(b) involves looking "in the first instance to whether a relationship or the provision of a service: creates a mutual or conflicting interest between the accountant and the audit client; places the accountant in the position of auditing his or her own work; results in the accountant acting as management or an employee of the audit client; or places the accountant in a position of being an advocate for the audit client."¹⁸

Deloitte Canada's 2012 Banro Audit

15. Banro engaged Deloitte Canada to audit its 2012 financial statements and internal control over financial reporting ("2012 Audit"). Deloitte Canada issued unqualified audit reports dated March 26, 2013. Banro included the audit reports in an Annual Report on a Form 40-F publicly filed with the Commission on March 27, 2013 ("2012 Annual Report").

16. Before Deloitte South Africa acquired Venmyn Rand's assets, Banro engaged Venmyn Rand to prepare the 2012 Namoya Report pursuant to NI 43-101. NI 43-101 provides, among other things, that "[a]ll disclosure of scientific or technical information made by an issuer, including disclosure of a mineral resource or mineral reserve, concerning a mineral project on a property material to the issuer must be (a) based upon information prepared by or under the supervision of a qualified person; or (b) approved by a qualified person."¹⁹ A "qualified person" is defined in NI 43-101 as an engineer or geoscientist with certain education, experience, and professional credentials related to mineral exploration or mining.²⁰

17. In March 2012, Venmyn Rand and its managing director ("Managing Director") provided Banro with the 2012 Namoya Report. In the report, the Managing Director certified that he was the "qualified person" within the meaning of NI 43-101 and stated, "I am responsible for the entire Technical Report".

18. The report described Namoya's technical aspects, verified Banro's estimates of Namoya's gold resources, and provided Venmyn Rand's economic assessment of Namoya. For the economic assessment, the Managing Director utilized the discounted cash flow valuation method and determined the net present value of Namoya's estimated future cash flows over the useful life of the mine, to arrive at a fair value for Namoya of \$366 million as of January 24, 2012. As set forth in the report, the valuation relied on the Managing Director and Venmyn Rand's forecast of certain operational and cash flow results for Namoya, including forecasts of the quality and amount of gold ore that would be mined and processed, Namoya's operating costs, and

¹⁸ 17 C.F.R. § 210.2-01, Preliminary Note 2.

¹⁹ 34 OSCB 7043, at 7047.

²⁰ *Id.* at 7046-47.

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its capital expenditures. On March 12, 2012, Banro publicly furnished a copy of the 2012 Namoya Report to the Commission, attached as an exhibit to a Form 6-K.

19. On November 1, 2012, Deloitte South Africa acquired certain assets of Venmyn Rand and in connection therewith created Venmyn Deloitte as a wholly owned subsidiary. The managing director of Venmyn Rand became the managing director of Venmyn Deloitte.

20. In December 2012, a Venmyn Deloitte employee emailed a Deloitte Canada partner on the 2012 Audit engagement team ("Audit Partner") asking for approval for Venmyn Deloitte to prepare an NI 43-101 technical report on Banro's Lugushwa gold mine.

21. The Audit Partner consulted with Deloitte Canada's then-National Director of Independence ("NDI") and then-National Professional Practice Director ("NPPD") about the request. Among other things, they reviewed Venmyn Deloitte's draft engagement letter and an unpublished technical review that Venmyn Rand had previously prepared for Banro concerning the Lugushwa mine. The group expressed concerns as to whether the proposed engagement would impair Deloitte Canada's independence, and agreed to consider the issue further.

22. As reflected in a 2012 Audit work paper dated January 29, 2013, and written by the Audit Partner ("2012 Audit Independence Memo"), the group participated with Venmyn Deloitte's managing director in a conference call the previous day regarding the potential independence implications of the proposed technical report for the Lugushwa mine. During the call, the Managing Director represented to the Audit Partner, NDI, and NPPD that Venmyn Deloitte would use information provided by Banro to recalculate management's estimates of the mineral resource levels at Lugushwa and determine whether the estimates were valid. The Managing Director stated that Venmyn Deloitte's work would merely provide a "sanity check" on Banro's work.

23. The 2012 Audit Independence Memo sets forth the conclusion, based on the Managing Director's representations, that Venmyn Deloitte's preparation of the proposed report would not impair Deloitte Canada's independence. Even though Deloitte Canada was aware that Venmyn Deloitte would be preparing the proposed technical report in accordance with the statutory requirements of NI 43-101, there was no discussion whether it would be consistent with the independence requirements for the Managing Director to take responsibility for the entire contents of the report as the "qualified person", and for the report to be publicly furnished to the Commission. There also was no discussion whether it would be acceptable for the Managing Director to publicly take responsibility for management's gold resource or reserve estimates in press releases issued by Banro.

24. On January 31, 2013, only three days later, Banro issued a press release that disclosed certain gold mineral resource estimates for Lugushwa and stated that the Managing Director was the "qualified person" within the meaning of NI 43-101 who was

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"responsible" for those estimates ("2013 Lugushwa Press Release"). The press release stated in relevant part:

[The] Managing Director of Venmyn Deloitte (Pty) Ltd., is the "qualified person" (as such term is defined in National Instrument 43-101) who is responsible for the Lugushwa Mineral Resource estimates disclosed in this press release. [He] has reviewed and approved the contents of this press release.

Banro publicly furnished a copy of the press release to the Commission, attached as an exhibit to a Form 6-K, on February 1, 2013.

25. On March 15, 2013, Venmyn Deloitte provided Banro with an NI 43-101 technical report on Lugushwa and a revised report on April 15, 2013 (collectively referred to as the 2013 Lugushwa Report). Banro publicly furnished copies of the reports to the Commission on March 21, 2013 and April 17, 2013, respectively, attached as exhibits to Forms 6-K. The 2013 Lugushwa Report disclosed the same mineral resource estimates as the 2013 Lugushwa Press Release. In the 2013 Lugushwa Report, Venmyn Deloitte's managing director certified that he was the "qualified person" within the meaning of NI 43-101 and stated, "I am responsible for all of the Technical Report".

26. On March 26, 2013, Venmyn Deloitte and the Managing Director each provided Banro with a signed letter stating that they consented ("2013 Consents") to Banro's use of their names in connection with the 2012 Namoya Report and 2013 Lugushwa Report, both of which Banro listed as exhibits to and incorporated by reference in its 2012 Annual Report. In particular, the Annual Information Form ("AIF") and management discussion and analysis ("MD&A") included in the 2012 Annual Report contained a discussion of Banro's mining assets and referenced both technical reports for further information. Banro attached the 2013 Consents as exhibits to the 2012 Annual Report.

27. During the 2012 Audit, the Deloitte Canada engagement team sent a letter to the Managing Director at Venmyn Deloitte, but addressed it to him at the no-longer existent "Venmyn Rand," stating that Deloitte Canada intended to rely on the 2012 Namoya Report as "audit evidence" ("Reliance Letter"). The Reliance Letter referenced the 2012 Namoya Report as containing "the assessment result and assessment procedures performed by yourselves." The Reliance Letter further stated, "These results will be used to form the basis for a number of significant management analyses. We intend to use your report as part of our audit."

28. The Managing Director signed and returned the Reliance Letter on February 28, 2013, confirming that, among other things, he was the "qualified person" responsible for the 2012 Namoya Report and understood that Deloitte Canada would use the report as audit evidence.

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29. During the 2012 Audit, the engagement team included a copy of the 2012 Namoya Report in its audit work papers and relied on the report to assess whether there was any indication that the carrying value of the Namoya mining assets on Banro's balance sheet was impaired under International Accounting Standard ("IAS") 36, *Impairment of Assets*. In particular, the engagement team evaluated the assumptions used in the report by the Managing Director and Venmyn Rand to estimate Namoya's fair value as \$366 million, including assumptions concerning discount rates and gold prices, and determined that the assumptions were reasonable. As a result, the engagement team concluded that Namoya's fair value was greater than its carrying value, and agreed with management's conclusion that there was no reason to conduct a full impairment test for Namoya under IAS 36. The 2012 Namoya Report was the only representation of Namoya's fair value of \$366 million that Banro's management provided Deloitte Canada in connection with the 2012 Audit.

30. The engagement team also relied on the 2012 Namoya Report, among other factors, to conclude that there was no material uncertainty about Banro's ability to continue as a going concern. In reaching its conclusion, the engagement team assessed the "robustness of the cost and revenue assumptions" and the "feasibility of the projects" included in the 2012 Namoya Report, and analyzed the gold resource estimates therein.

31. In connection with the 2012 Audit and Deloitte Canada's issuance of an unqualified audit report on Banro's 2012 financial statements, Deloitte Canada did not consider the fact that, even though the 2012 Namoya Report had been prepared prior to the Venmyn Rand acquisition, in early 2013 Venmyn Deloitte and its managing director took responsibility for the report in the Reliance Letter and the 2013 Consents. By placing reliance on the 2012 Namoya Report as audit evidence, the Firm put itself in the position of auditing its own work because an associated entity, Venmyn Deloitte, had now taken responsibility for that work. In addition, Deloitte Canada did not consider the impact on the Firm's independence of (a) the 2013 Lugushwa Press Release and its statement, reviewed and approved by Venmyn Deloitte's managing director, that he was responsible for the mineral resource estimates disclosed therein; and (b) the 2013 Lugushwa Report and the Managing Director's statement therein that he was responsible for all of the report, including the mineral resource estimates disclosed therein.

Deloitte Canada's 2013 Banro Audit

32. Banro engaged Deloitte Canada to audit its 2013 financial statements and internal control over financial reporting ("2013 Audit"). Deloitte Canada issued unqualified audit reports dated March 29, 2014. Banro included the audit reports in an Annual Report on a Form 40-F publicly filed with the Commission on March 31, 2014 ("2013 Annual Report").

33. On March 27, 2014, a few days earlier, Banro issued a press release that disclosed certain gold mineral resource and reserve estimates for Namoya, and stated

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that the Managing Director was the "qualified person" within the meaning of NI 43-101 "responsible" for the reserve estimates ("2014 Namoya Press Release"). The press release stated, in relevant part:

[The] Managing Director of Venmyn Deloitte (Pty) Ltd., is the "qualified person" (as such term is defined in National Instrument 43-101) who is responsible for the Namoya Mineral Reserve estimates disclosed in this press release. [He] has reviewed and approved the contents of this press release.

Banro publicly furnished a copy of the press release to the Commission, attached as an exhibit to a Form 6-K, on March 27, 2014.

34. On March 29, 2014, the Managing Director and Venmyn Deloitte each provided Banro with a signed letter stating that they consented ("2014 Consents") to Banro's use of their names in connection with the 2012 Namoya Report, 2013 Lugushwa Report, and 2014 Namoya Press Release, each of which Banro listed as an exhibit to and incorporated by reference in its 2013 Annual Report. In particular, the AIF and MD&A included in the 2013 Annual Report contained a discussion of Banro's mining assets and referenced both technical reports for further information. Banro attached the 2014 Consents as exhibits to its 2013 Annual Report.

35. In connection with the 2013 Audit and Deloitte Canada's issuance of an unqualified audit report on Banro's 2013 financial statements, Deloitte Canada did not consider the impact on the Firm's independence of (a) the 2013 Lugushwa Press Release and 2013 Lugushwa Report; or (b) the 2014 Namoya Press Release and its statement, approved by Venmyn Deloitte's managing director, that he was responsible for the Banro mineral reserve estimates disclosed therein. Instead, the engagement team merely included the 2012 Audit Independence Memo, without updating it, in its audit work papers for the 2013 Audit.

Deloitte Canada's 2014 Banro Audit

36. Banro engaged Deloitte Canada to audit its 2014 financial statements and internal control over financial reporting ("2014 Audit"). Deloitte Canada issued an unqualified audit report on Banro's financial statements, and a qualified audit report on Banro's internal control over financial reporting given certain material weaknesses, both dated April 6, 2015. Banro included these audit reports in an Annual Report on a Form 20-F publicly filed with the Commission on April 7, 2015 ("2014 Annual Report").

37. Venmyn Deloitte provided Banro with the 2014 Namoya Report on May 12, 2014. Banro publicly furnished a copy of the report to the Commission on May 20, 2014, attached as an exhibit to a Form 6-K. The report disclosed the same mineral resource and reserve estimates as the 2014 Namoya Press Release. In the report, the Managing Director certified that he was the "qualified person" within the meaning of NI 43-101 and stated, "I am responsible for the entire Technical Report".

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38. Although Banro did not obtain consents from the Managing Director and Venmyn Deloitte to use their names in connection with the 2013 Lugushwa Report and 2014 Namoya Report, both reports were listed by Banro as exhibits to and incorporated by reference in its 2014 Annual Report. In particular, the 2014 Annual Report contained a discussion of Banro's mining assets and referenced both technical reports for further information.

39. In 2014, Deloitte Canada was inspected by the PCAOB's Division of Registration and Inspections ("DRI"), and the Banro 2013 Audit was selected for review. In early 2015 as part of this inspection, DRI communicated to the Firm its independence concerns as to the non-audit services provided, and related public statements made, by the Managing Director and Venmyn Deloitte in connection with the 2013 Lugushwa Report and 2014 Namoya Report.

40. In response to DRI's concerns, and prior to the Firm's issuance of its 2014 audit reports on April 6, 2015, Deloitte Canada considered the impact on the Firm's independence of the non-audit work reflected in the 2013 Lugushwa Report and 2014 Namoya Report, and concluded the Firm's independence had not been impaired. In doing so, the Firm did not adequately consider the impact on its independence of the public statements made by Venmyn Deloitte's managing director as the "qualified person" "responsible" for the gold mineral resource estimates in the 2013 Lugushwa Press Release and 2013 Lugushwa Report, and gold mineral reserve estimates in the 2014 Namoya Press Release and 2014 Namoya Report.

Deloitte Canada Violated Auditor Independence Requirements

41. As a result of the above conduct, Deloitte Canada's independence in connection with the 2012 Audit was impaired because, when the engagement team elected to use the 2012 Namoya Report as audit evidence to support key management representations and conclusions, and evaluated the underlying assumptions of the Namoya valuation therein, the engagement team put itself in the position of auditing its own work because the report now belonged to an associated entity of the Firm. By the time of the 2012 Audit, it was Venmyn Deloitte, and not Venmyn Rand, that was reaffirming and taking responsibility for the report's valuation of the Namoya mine as reflected in the Reliance Letter and 2013 Consents.

42. In addition, as a result of the above conduct, Deloitte Canada's independence in connection with the 2012 Audit, 2013 Audit, and 2014 Audit was also impaired because of public statements made by Venmyn Deloitte's managing director taking responsibility as the "qualified person" for certain mineral resource and reserve estimates for Banro's gold mines, as reflected in the 2013 Lugushwa Press Release, 2013 Lugushwa Report, 2014 Namoya Press Release, and 2014 Namoya Report. These public statements by Venmyn Deloitte, an associated entity of Deloitte Canada, created a mutual interest between Deloitte Canada and Banro, the Firm's audit client, in the present and future accuracy of these mineral resource and reserve estimates.

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43. Thus, Deloitte Canada was not independent of Banro in fact and in appearance during the 2012 Audit, 2013 Audit, and 2014 Audit. Accordingly, Deloitte Canada violated PCAOB Rule 3520 because it was not independent of Banro within the meaning of Rule 2-01(b) of Regulation S-X and AU § 220.

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 the Offer. Accordingly, it is hereby ORDERED that:

- A. Pursuant to Section 105(c)(4)(E) of the Act and PCAOB Rule 5300(a)(5), Deloitte LLP 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 \$350,000 is hereby imposed upon Deloitte LLP. 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. Deloitte LLP shall pay the 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 that identifies Deloitte LLP 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.
- C. Pursuant to Sections 105(c)(4)(F) and (G) of the Act and PCAOB Rules 5300(a)(6) and (9), the Board hereby orders that:
 1. *Independence Policies and Procedures* – Deloitte LLP shall conduct a review of its independence policies and procedures relating to non-audit services relevant to this Order, and determine whether modifications should be made or additional policies and procedures should be adopted for the purpose of providing Deloitte LLP with reasonable assurance of compliance with auditor independence requirements applicable to audits and reviews conducted pursuant to PCAOB standards.

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2. *Independence Training* – Deloitte LLP shall conduct a review of its professional education and training concerning auditor independence and non-audit services relevant to this Order, and determine whether modifications should be made or additional education and training should be adopted for the purpose of providing Deloitte LLP with reasonable assurance of compliance with auditor independence requirements applicable to audits and reviews conducted pursuant to PCAOB standards.
3. *Reporting* – No later than ninety (90) days from the date of this Order, Deloitte LLP shall submit a written report to the Director of the Division of Enforcement and Investigations describing the reviews specified in IV.C.1 and IV.C.2 above. The report shall be in narrative form. It shall include as exhibits any modified or additional independence policies and procedures or professional education and training adopted by Deloitte LLP or, if no such policies and procedures or professional education and training are adopted, a detailed explanation of all the reasons why Deloitte LLP believes no modified or additional policies and procedures or professional education and training should be adopted. In addition, Deloitte LLP shall submit any additional information and evidence concerning the report, the information in the report, the exhibits thereto, and Deloitte LLP's compliance with this Order as the staff of the Division of Enforcement and Investigations may reasonably request.
4. *Certificate of Compliance* – No later than one hundred twenty (120) days from the date of this Order, Deloitte LLP's Chief Executive Officer shall certify in writing ("Certificate of Compliance") to the Director of the Division of Enforcement and Investigations that Deloitte LLP has undertaken the actions and satisfied the conditions specified above. The Certificate of Compliance shall provide written evidence of Deloitte LLP's compliance in narrative form, identify the actions undertaken to satisfy the conditions specified above, and be supported by exhibits sufficient to demonstrate compliance.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

October 16, 2018