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ORDER INSTITUTING DISCIPLINARY  
PROCEEDINGS, MAKING FINDINGS,  
AND IMPOSING SANCTIONS

*In the Matter of BDO Auditores, S.L.P.,*  
  
*Respondent.*

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) PCAOB Release No. 105-2015-039

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) November 12, 2015  
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By this Order, the Public Company Accounting Oversight Board ("Board" or "PCAOB") is censuring BDO Auditores, S.L.P. ("Firm" or "Respondent"), a registered public accounting firm, imposing a civil money penalty in the amount of \$10,000 upon the Firm, and requiring the Firm to undertake certain remedial measures, including measures to establish policies and procedures directed toward ensuring compliance with PCAOB reporting requirements. The Board is imposing these sanctions on the basis of its findings that the Firm twice failed to timely disclose certain reportable events to the Board on PCAOB Form 3, *Special Report*, in violation of PCAOB 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 pursuant to Section 105(c) of the Sarbanes-Oxley Act of 2002, as amended (the "Act"), and PCAOB Rule 5200(a)(1) against Respondent.

II.

In anticipation of 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 entry of this Order Instituting Disciplinary Proceedings, Making

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Findings, and Imposing Sanctions ("Order") as set forth below.<sup>1</sup>

**III.**

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

**A. Respondent**

1. BDO Auditores, S.L.P. 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 BDO International Limited, and forms part of the international BDO network of independent member firms. At all relevant times, the Firm has been registered with the Board pursuant to Section 102 of the Act and PCAOB rules. The Firm is licensed in Spain by the Official Register of Auditors (R.O.A.C.) (license no. S1273).

**B. Summary**

2. This matter concerns the Firm's failures to timely disclose certain reportable events to the Board on Form 3 as required by PCAOB rules. Specifically, the Firm became a respondent in two separate disciplinary proceedings initiated by the *Instituto de Contabilidad y Auditoria de Cuentas* ("ICAC"), the foreign auditor oversight authority in Spain.<sup>2</sup> PCAOB rules required the Firm to complete and file a PCAOB special report on Form 3 within 30 days of becoming aware that it had become a respondent in those disciplinary proceedings. The Firm became aware of the disciplinary proceedings in May 2012 and February 2014, respectively, yet failed to file a Form 3 reporting the proceedings until May 2015, after the PCAOB commenced its investigation, and well after the 30-day reporting deadline. The disciplinary proceedings in Spain are currently on appeal or pending resolution by ICAC, respectively.

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<sup>1</sup> 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.

<sup>2</sup> 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 PCAOB Rule 1001(f)(iii).

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

3. In effect since 2009, 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.<sup>3</sup> One such specified event is 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."<sup>4</sup> 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. With respect to two such events involving the Firm described below, Respondent failed to timely file a Form 3 with the Board.

4. First, on or about May 11, 2012, the Firm became aware that it had become a respondent in a disciplinary proceeding initiated by ICAC. The proceeding arose out of the Firm's audit of Establiments Miro, S.L. (a Spanish company that is not a U.S. issuer<sup>5</sup>) for fiscal year ending January 31, 2010. By April 2013, ICAC determined that the Firm had violated certain auditing standards. The Firm's appeal to the Spanish Courts of Justice is currently pending.

5. Second, on or about February 27, 2014, 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 Pescanova, S.A. (a Spanish company that is

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<sup>3</sup> 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." See PCAOB Rel. No. 2008-004 at 17 (June 10, 2008).

<sup>4</sup> See PCAOB Form 3, at Item 2.7.

<sup>5</sup> 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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not a U.S. issuer) for fiscal year ending December 31, 2011. As of the date of this Order, those disciplinary proceedings have not been concluded as to the Firm.

6. In violation of Rule 2203, the Firm failed to file a Form 3 with respect to either proceeding until May 5, 2015, approximately three years after learning of the first proceeding and more than a year after learning of the second proceeding.

7. The Firm's internal compliance and reporting systems failed to identify the proceedings before ICAC as being reportable to the PCAOB and ensure timely reporting pursuant to PCAOB rules.

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

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

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

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Phoebe W. Brown  
Secretary

November 12, 2015