

ORDER

II.

In anticipation of the institution of these proceedings, and pursuant to PCAOB Rule 5205, Respondents have each submitted an Offer of Settlement (collectively, the "Offers") 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 Respondents and the subject matter of these proceedings, which is admitted, Respondents consent to entry of this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions ("Order") as set forth below.²

III.

On the basis of Respondents' Offers, the Board finds³ that:

A. Respondents

1. **Ricardo Agustín García Chagoyán**, 53, of Mexico City, Mexico, is a registered public accountant licensed under the laws of Mexico (license no. 15784). García is a partner in the Mexico City office of the PCAOB registered firm Galaz, Yamazaki, Ruiz Urquiza, S.C. ("Deloitte Mexico" or the "Firm"). Garcia was the partner responsible for Deloitte Mexico's component audit work in connection with the audit of EZCORP's September 30, 2013 consolidated financial statements. At all relevant times, García was an associated person of a registered public accounting firm as defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i).

2. **José Ignacio Valle Aparicio**, 46, of Mexico City, Mexico, is a registered public accountant licensed under the laws of Mexico (license no. 17649). Valle is a partner in Deloitte Mexico's Mexico City office. Valle was the partner responsible for Deloitte Mexico's component audit work in connection with the audit of EZCORP's September 30, 2014 consolidated financial statements. From October 2015 to July

² The findings herein are made pursuant to Respondents' Offers and are not binding on any other person or entity in this or any other proceeding.

³ The Board finds that Respondents' conduct described in this Order meets the conditions set out in Section 105(c)(5) of the Act, which provides that certain sanctions may be imposed in the event of: (A) intentional or knowing conduct, including reckless conduct, that results in 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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2018, he also served as leader of Deloitte Mexico's Financial Services Industry program. At all relevant times, Valle was an associated person of a registered public accounting firm as defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i).

3. **Rubén Eduardo Guerrero Cervera**, 37, of Mexico City, Mexico, is a registered public accountant licensed under the laws of Mexico (license no. 15532). Guerrero was a manager assigned to the Deloitte Mexico engagement teams that performed component audit work in connection with the audits of EZCORP's September 30, 2013 and September 30, 2014 financial statements. Guerrero's responsibilities included supervision of other members of the Deloitte Mexico engagement teams; review of the work performed and conclusions reached by the teams; and communications with EZCORP's principal auditor, U.S.-based Deloitte LLP ("Deloitte US"). In June 2015, Guerrero became a partner of Deloitte Mexico. At all relevant times, Guerrero was an associated person of a registered public accounting firm as defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i).

B. Relevant Entities

4. **Deloitte Mexico** is a partnership organized under the laws of Mexico and headquartered in Mexico City. It is a member of the Deloitte Touche Tohmatsu Limited global network ("Deloitte Global"). Deloitte Mexico registered with the PCAOB on May 28, 2004. It currently serves as the auditor for approximately three issuer audit clients and, moreover, performs audit work that other PCAOB-registered firms, including member firms of Deloitte Global, use or rely on in issuing audit reports for their issuer clients.

5. **Deloitte US** is a Delaware limited liability partnership with headquarters in New York, New York. It is a member of Deloitte Global. It registered with the PCAOB on October 20, 2003.

6. **EZCORP** is a Delaware corporation headquartered in Rollingwood, Texas. EZCORP's common stock is registered under Section 12(b) of the Securities Exchange Act of 1934 and quoted on the NASDAQ under ticker symbol "EZPW." At all relevant times, EZCORP was an issuer, as defined in Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii). During the relevant time, the company's public filings disclosed that it was a provider of pawn loans, short-term consumer loans, and credit services in the United States, Mexico, Canada, and the United Kingdom. Deloitte US prepared and issued the audit reports on EZCORP's consolidated financial statements and internal control over financial reporting ("ICFR") as of and for each of the years ended September 30, 2013 and 2014, which were filed with the U.S. Securities and Exchange Commission on November 26, 2013 and November 26, 2014, respectively.

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7. **Prestaciones Finmart, S.A.P.I. de C.V., SOFOM, E.N.R.** ("Finmart") was, at all relevant times, a Mexican subsidiary of EZCORP. Finmart was a payroll withholding lender headquartered in Mexico City, Mexico. Finmart made loans to Mexican government employees, subject to agreements authorizing the employing agencies to withhold loan repayments from borrowers' paychecks and to deposit those amounts with Finmart. Deloitte Mexico audited Finmart's financial information⁴ and performed procedures on certain aspects of Finmart's ICFR as of and for each of the years ended September 30, 2013 and 2014. After each of those engagements (the "2013 Audit" and the "2014 Audit," respectively, and collectively the "2013 and 2014 Audits"), Deloitte Mexico issued a Financial Information Clearance Memorandum stating it had audited Finmart's financial information, as well as an Internal Control Clearance Memorandum stating it had evaluated the design, implementation, and operating effectiveness of the Finmart controls specified therein, and submitted both clearance memoranda along with other component audit deliverables to Deloitte US.

C. Summary

8. This matter concerns Respondents' failures to exercise due professional care, to respond adequately to a known significant risk, and to obtain sufficient appropriate audit evidence, as well as their misrepresentations of the work they performed in communications with the principal auditor. That conduct occurred in the course of Respondents' component audit work in 2013 and 2014 with respect to Finmart, EZCORP's then-largest subsidiary.

9. Finmart accounted in FY 2013 and FY 2014 for approximately 21% and 26% of EZCORP's consolidated assets and approximately 23% and 42% of EZCORP's consolidated pre-tax income, respectively.

10. Deloitte US determined in its audits of EZCORP's financial statements and ICFR for both FY 2013 and FY 2014 that Finmart should be in scope for audit procedures. Deloitte US engaged its Mexican affiliate—Deloitte Mexico—to perform component audit work concerning Finmart and instructed Deloitte Mexico to perform that audit work in accordance with PCAOB auditing standards.⁵ Deloitte US relied on that work in issuing its audit reports expressing unqualified opinions on EZCORP's financial statements and ICFR for FY 2013 and FY 2014.

⁴ The referral instructions issued by Deloitte US directed Deloitte Mexico, among other things, to perform an audit of Finmart's financial information, which included account balances and classes of transactions on Finmart's balance sheet and income statement.

⁵ Deloitte Mexico's component audits in both years were engagements to which AU Section 543, *Part of Audit Performed by Other Independent Auditors*, applied.

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11. García and Guerrero in the 2013 Audit, and Valle and Guerrero in the 2014 Audit, assessed Finmart's allowance for loan losses ("Loan Reserve")—the total amount that Finmart estimated it would not be able to collect from borrowers—as a significant risk. In each audit, Respondents understood that a critical element of Finmart's Loan Reserve calculation was its classification of a loan as "in-payroll" or "out-of-payroll." A loan was considered in-payroll if the borrower was still a government employee having repayment amounts withheld from his or her paycheck. A loan was considered out-of-payroll if the borrower was no longer a government employee having amounts withheld. During the audits, Respondents understood that out-of-payroll loans carried a much higher risk of nonpayment. Respondents were also aware of the importance of whether Finmart was accurately classifying loans as in-payroll or out-of-payroll when estimating its Loan Reserve. Yet Respondents failed in each audit to test the accuracy of that classification. They also failed to perform retrospective reviews of the Loan Reserve—that is, to compare prior-year estimates with actual results. Accordingly, they failed to obtain sufficient evidence that the Loan Reserve was reasonable.

12. Respondents also failed to perform procedures with respect to Finmart's ICFR that they claimed to have performed in communications with the principal auditor. In the 2013 Audit, García and Guerrero misrepresented to Deloitte US that they had evaluated the design and operating effectiveness of 28 specified controls. In fact, García and Guerrero had failed to evaluate the operating effectiveness of all but one of those controls, and also had failed to evaluate the design effectiveness of nine reported controls that related to the Loan Reserve. In the 2014 Audit, Valle and Guerrero misrepresented in Deloitte Mexico's final deliverables that they had evaluated the operating effectiveness of controls relating to Finmart's Loan Reserve, when in fact they had failed to perform any operating effectiveness testing of Finmart's Loan Reserve controls.

13. In November 2015, EZCORP amended its FY 2014 Form 10-K to restate its financial statements for FY 2014, FY 2013, and FY 2012. EZCORP disclosed that the need to restate related in part to Finmart's misclassification of certain loans as in-payroll when in fact they were out-of-payroll. Because those misclassified loans carried a much higher risk of nonpayment than loans subject to payroll withholdings, the misclassification caused Finmart to understate its Loan Reserve and loan bad debt expense.

14. EZCORP also disclosed that it had reassessed its evaluation of the effectiveness of its ICFR as of September 30, 2014 and concluded that it had failed to maintain effective ICFR. EZCORP further disclosed that management had failed to recognize the extent of non-performing loans at Finmart or understand the reasons that loans were non-performing due to control deficiencies, including missing or inadequate processes to identify and address overdue loans and failures by accounting and management personnel to review detailed loan performance data.

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D. Respondents Violated PCAOB Rules and Standards

15. PCAOB rules⁶ require that a registered public accounting firm and its associated persons comply with the Board's auditing standards.⁷ Among other things, PCAOB standards require auditors to design and implement audit responses that address the risks of material misstatement identified and assessed by the auditors.⁸ They must also perform audit procedures to obtain sufficient appropriate evidence to provide a reasonable basis for the opinion expressed in the auditor's report,⁹ as well as evaluate the results of the audit to determine whether the audit evidence obtained is sufficient and appropriate to support that opinion¹⁰ Moreover, PCAOB standards require auditors to exercise due professional care and professional skepticism in planning and performing audits.¹¹ For the reasons set forth below, Respondents failed to comply with these and other PCAOB auditing standards in connection with the 2013 and 2014 Audits.

**García and Guerrero Violated PCAOB Rules and Standards
in the 2013 Audit**

16. On July 30, 2013, Deloitte US issued referral instructions to Deloitte Mexico for the 2013 Audit. Those instructions "set out the scope of work to be performed" by Deloitte Mexico "as component auditors for the purpose of the audit of

⁶ All references to PCAOB rules and standards are to the versions of those rules and standards in effect at the time of the relevant audits. As of December 31, 2016, the PCAOB reorganized its auditing standards using a topical structure and a single, integrated numbering system. *See Reorganization of PCAOB Auditing Standards and Related Amendments to PCAOB Standards and Rules*, PCAOB Release No. 2015-002 (March 31, 2015); *see also PCAOB Auditing Standards Reorganized and Pre-Reorganized Numbering* (January 2017).

⁷ *See* PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*; PCAOB Rule 3200T, *Interim Auditing Standards*.

⁸ Auditing Standard No. 13, *The Auditor's Responses to the Risks of Material Misstatement* ("AS 13"), ¶ 3.

⁹ Auditing Standard No. 15, *Audit Evidence* ("AS 15"), ¶ 4.

¹⁰ Auditing Standard No. 14, *Evaluating Audit Results* ("AS 14"), ¶ 2.

¹¹ *See* AU § 150.02, *Generally Accepted Auditing Standards*; AU § 230, *Due Professional Care in the Performance of Work*.

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[EZCORP]'s financial statements for the year ending 30 September 2013," and stated that Deloitte Mexico's procedures should be completed in accordance with PCAOB auditing standards. Deloitte Mexico was also "requested to evaluate the design, determine the implementation and test the operating effectiveness of controls, consistent with the account balances and classes of transactions to be subjected to testing by" Deloitte Mexico.

17. García and Guerrero each read and understood Deloitte US's referral instructions during the audit and understood them to reflect what the principal auditor wanted performed by the component auditor. García authorized, signed, and directed the submission to Deloitte US of an "Acknowledgment of Referral Instructions" stating, among other things, that Deloitte Mexico "will be able to comply with the instructions," and Guerrero subsequently emailed that document to Deloitte US.

18. As part of their assessment of the risks of material misstatement for the 2013 Audit, García and Guerrero identified Finmart's Loan Reserve as a significant risk and as one of the "main accounting estimates performed by management." García and Guerrero also concluded that the Loan Reserve was a factor for determining that the 2013 Audit posed "Greater than Normal" risk. Those risk assessment determinations were set out in an Audit Summary Memorandum that García and Guerrero reviewed during the audit and that Guerrero emailed to Deloitte US.

19. Upon completion of the 2013 Audit, García authorized, signed, and directed the submission to Deloitte US of, and Guerrero emailed to Deloitte US, Deloitte Mexico's Financial Information Clearance Memorandum and Internal Control Clearance Memorandum.

*Failure to Appropriately Evaluate the Reasonableness of Finmart's
Loan Reserve*

20. The audit work that Deloitte US instructed Deloitte Mexico to perform included evaluating the reasonableness of Finmart's Loan Reserve. Deloitte US also instructed Deloitte Mexico not to rely on Finmart's controls in connection with substantive testing for the financial information audit.

21. As originally recorded as of September 30, 2013, Finmart's outstanding receivables from the loan portfolio were approximately \$137.1 million, offset by a Loan Reserve of approximately \$0.8 million. The resulting net total of \$136.3 million represented 76% of Finmart's recorded assets as of September 30, 2013. Finmart classified those loans as either in-payroll ("en nómina") or out-of-payroll ("fuera de nómina"). Finmart's policy was to classify a loan as out-of-payroll if the borrower was no longer employed by the entity at which the borrower was employed when the loan was originated.

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22. Finmart's estimated Loan Reserve was calculated based on Finmart's classification of loans as in-payroll versus out-of-payroll. Specifically, Finmart policy was to record a Loan Reserve equal to 100% of out-of-payroll loans with two or more missed payments (i.e., more than 30 days without payment).

23. Under PCAOB standards, the auditor is responsible for obtaining and evaluating sufficient appropriate evidential matter to support significant accounting estimates in an audit of financial statements and for evaluating the reasonableness of accounting estimates in the context of the financial statements taken as a whole.¹² Finmart's Loan Reserve was a significant accounting estimate.

24. Moreover, because Finmart's Loan Reserve was assessed as a significant risk, García and Guerrero were required to obtain a greater amount of persuasive audit evidence¹³ and to perform substantive procedures specifically responsive to the assessed risks.¹⁴

25. Under AU § 342, *Auditing Accounting Estimates*, García and Guerrero should have used one or a combination of the following approaches in evaluating the reasonableness of the Loan Reserve estimate:

- "a. Review and test the process used by management to develop the estimate.
- b. Develop an independent expectation of the estimate to corroborate the reasonableness of management's estimate.
- c. Review subsequent events or transactions occurring prior to the date of the auditor's report."¹⁵

¹² AU § 342.01, .04, *Auditing Accounting Estimates*.

¹³ See AS 13 ¶ 9.a ("the auditor should obtain more persuasive audit evidence the higher the auditor's assessment of risk."), see also *id.* ¶ 37 ("As the assessed risk of material misstatement increases, the evidence from substantive procedures that the auditor should obtain also increases"); see also AS 15 ¶ 5 ("As the risk increases, the amount of evidence that the auditor should obtain also increases. For example, ordinarily more evidence is needed to respond to significant risks.")

¹⁴ See AS 13 ¶ 11 ("For significant risks, the auditor should perform substantive procedures, including tests of details, that are specifically responsive to the assessed risks.")

¹⁵ AU § 342.10.

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26. García and Guerrero failed to perform appropriately any of these approaches. Although García, Guerrero, and their engagement team performed certain limited procedures over Finmart's Loan Reserve calculation, such as re-sorting a Finmart-prepared loan portfolio listing and adding up loan balances, they failed to test the accuracy of the data underlying Finmart's Loan Reserve calculation. Specifically, García and Guerrero failed to perform any procedures to test the accuracy of the critical input into Finmart's Loan Reserve: whether a loan was in-payroll or out-of-payroll.¹⁶

27. García and Guerrero noted certain fields in database information obtained from Finmart that reflected whether each loan in Finmart's portfolio was in-payroll or out-of-payroll, and they understood that Finmart populated those fields based on reports from government agencies. However, García and Guerrero took for granted the accuracy of those fields and failed to obtain evidence about the accuracy of the reports. They did not, for example, seek to compare them against any reliable information from the government agencies themselves. The failure to test the data underlying the Loan Reserve calculation or otherwise obtain sufficient appropriate evidence that the estimate was reasonable meant García and Guerrero did not obtain reasonable assurance concerning the Loan Reserve.¹⁷

28. Moreover, García and Guerrero should have performed a retrospective review of Finmart's Loan Reserve.¹⁸ The referral instructions that Deloitte US sent to Deloitte Mexico included a retrospective review as one of seven planned procedures to be performed by Deloitte Mexico to test the Loan Reserve. García and Guerrero, however, never performed a retrospective review.

29. Because García and Guerrero failed to test the accuracy of the data underlying the Loan Reserve and to perform a retrospective review, they failed to

¹⁶ See AS 15 ¶ 10 ("When using information produced by the company as audit evidence, the auditor should evaluate whether the information is sufficient and appropriate for purposes of the audit by performing procedures to: Test the accuracy and completeness of the information, or test the controls over the accuracy and completeness of that information . . .").

¹⁷ See AS 15 ¶¶ 4, 10; AU § 342.07b; see also AU § 150.02; AU § 230.

¹⁸ See AU § 316.64, *Consideration of Fraud in a Financial Statement Audit* ("The auditor also should perform a retrospective review of significant accounting estimates reflected in the financial statements of the prior year to determine whether management judgments and assumptions relating to the estimates indicate a possible bias on the part of management."); see also AU § 342.14; AS 14 ¶ 27, Note; AU § 150.02; AU § 230.

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evaluate appropriately the Loan Reserve, to exercise due professional care, and to obtain sufficient audit evidence to support Deloitte Mexico's reporting on Finmart's financial information to Deloitte US.

Lack of Due Professional Care in Testing Controls

30. At the time of the 2013 Audit, García and Guerrero understood that Deloitte US planned to opine on the effectiveness of EZCORP's ICFR as of September 30, 2013, and that Deloitte US's ICFR opinion would be based in part on Deloitte Mexico's Internal Control Clearance Memorandum.¹⁹ García nevertheless approved and signed, and Guerrero reviewed and emailed to Deloitte US, Deloitte Mexico's Internal Control Clearance Memorandum knowing that Deloitte Mexico had not performed certain of the control testing described therein, in violation of the requirement of due professional care.

31. The Internal Control Clearance Memorandum stated that for the 28 controls listed, Deloitte Mexico had "tested whether each relevant control was operating effectively . . . to prevent, or detect and correct, material misstatements at the relevant assertion level." In fact, however, García and Guerrero had failed to test the operating effectiveness of all but one of those 28 controls.

32. Moreover, the Internal Control Clearance Memorandum stated that Deloitte Mexico had tested 28 controls, identified by one- or two-sentence descriptions, for design effectiveness. Of the 28 controls, nine were controls over Finmart's Loan Reserve. García and Guerrero, however, never tested the design effectiveness of the Loan Reserve controls described in the Internal Control Clearance Memorandum. Indeed, the descriptions of Loan Reserve controls included in the Memorandum were not even controls that García and Guerrero identified as being in place at Finmart in FY 2013. Nonetheless, Guerrero reviewed the Internal Control Clearance Memorandum containing those descriptions, García approved and signed it, and Guerrero sent the signed document to Deloitte US. García's and Guerrero's conduct demonstrated a lack of due professional care²⁰ and violated audit documentation requirements.²¹

¹⁹ Although Deloitte US instructed Deloitte Mexico not to rely on controls in connection with substantive testing for the financial information audit, Deloitte US instructed Deloitte Mexico to test Finmart's controls in order to support Deloitte US's ICFR opinion for EZCORP.

²⁰ See AU § 150.02; AU § 230.

²¹ See Auditing Standard No. 3, *Audit Documentation* ("AS 3"), ¶ 6.a. (Audit documentation "must contain sufficient information to enable an experienced auditor,

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**Valle and Guerrero Violated PCAOB Rules and Standards
in the 2014 Audit**

33. Valle and Guerrero in the 2014 Audit failed to appropriately evaluate the reasonableness of the Loan Reserve and made misrepresentations to principal auditor Deloitte US about the procedures they performed to test Finmart's controls.

34. Deloitte US for FY 2014 instructed Deloitte Mexico to perform certain audit work on Finmart's financial information and controls to support Deloitte US's audit opinions on EZCORP's financial statements and ICFR, and further instructed that Deloitte Mexico's audit work be performed in accordance with PCAOB standards.

35. Valle and Guerrero each read and understood Deloitte US's FY 2014 referral instructions. Valle authorized, signed, and directed the submission to Deloitte US of an "Acknowledgment of Referral Instructions" stating, among other things, that Deloitte Mexico "will be able to comply with the instructions," and Guerrero subsequently emailed that document to Deloitte US.

36. As part of their assessment of the risks of material misstatement for the 2014 Audit, Valle and Guerrero identified the Loan Reserve as a significant risk. Valle and Guerrero also identified the Loan Reserve as an accounting estimate that was "highly dependent upon judgment or assumptions" and as a factor for assigning "Greater than Normal" risk to the 2014 Audit.

37. Upon completion of the 2014 Audit, Valle authorized, signed, and directed the submission to Deloitte US of, and Guerrero emailed to Deloitte US, Deloitte Mexico's Financial Information Clearance Memorandum and Internal Control Clearance Memorandum.

*Failure to Appropriately Evaluate the Reasonableness of Finmart's
Loan Reserve*

38. Deloitte US for FY 2014 instructed Deloitte Mexico to audit certain financial information of Finmart, which included evaluating the reasonableness of Finmart's Loan Reserve. Deloitte US again instructed Deloitte Mexico not to rely on Finmart's controls in connection with substantive testing for the financial information audit.

having no previous connection with the engagement . . . [t]o understand the nature, timing, extent, and results of the procedures performed, evidence obtained, and conclusions reached.").

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39. As originally recorded as of September 30, 2014, Finmart's outstanding receivables from the loan portfolio were approximately \$115.8 million, offset by a Loan Reserve of \$4.5 million. The resulting net total of \$111.3 million represented 43% of recorded assets recorded as of September 30, 2014.

40. Finmart's policy in FY 2014 was to record a Loan Reserve equal to 100% of out-of-payroll loans with two or more missed payments (i.e., more than 30 days without payment). As in the previous year, therefore, Finmart's calculation of its Loan Reserve as of September 30, 2014 was based on its classification of loans as in-payroll versus out-of-payroll.

41. Valle and Guerrero in the 2014 Audit took substantially the same approach with respect to the Loan Reserve as García and Guerrero in the 2013 Audit. They performed the same limited procedures over Finmart's Loan Reserve calculation, but again failed to test the accuracy of the data underlying that calculation. Specifically, Valle and Guerrero failed to obtain evidence or otherwise perform procedures to test the accuracy of Finmart's classification of in-payroll versus out-of-payroll loans. Instead, Valle and Guerrero treated Finmart database information concerning the classification of loans as in-payroll versus out-of-payroll as if it were itself audit evidence, rather than as untested client information underlying a significant accounting estimate. Accordingly, Valle and Guerrero failed to evaluate appropriately the reasonableness of the Loan Reserve and to obtain sufficient appropriate audit evidence.

42. Moreover, although Valle and Guerrero included a retrospective review of the Loan Reserve as part of their audit plan and informed Deloitte US that they planned to perform such a review, they never performed a retrospective review.

43. Because Valle and Guerrero failed to test the accuracy of the data underlying the Loan Reserve and to perform a retrospective review, they failed to evaluate appropriately the reasonableness of the Loan Reserve, to exercise due professional care, and to obtain sufficient audit evidence to support Deloitte Mexico's reporting on Finmart's financial information to Deloitte US.

Lack of Due Professional Care in Testing Controls

44. Valle and Guerrero in the 2014 Audit made misrepresentations concerning their control testing in Deloitte Mexico's reporting to Deloitte US.

45. Specifically, Valle and Guerrero included in the Internal Control Clearance Memorandum submitted to Deloitte US a list of Finmart controls, including Loan Reserve controls, that Deloitte Mexico had purportedly evaluated to determine whether

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each "was operating effectively." Valle and Guerrero, however, failed to test the operating effectiveness of Finmart's Loan Reserve controls.²²

46. Valle approved and signed, and Guerrero reviewed and sent to Deloitte US, Deloitte Mexico's Internal Control Clearance Memorandum even though it mischaracterized Deloitte Mexico's procedures as including the testing of operating effectiveness of Finmart's Loan Reserve controls. This conduct demonstrated a lack of due professional care²³ and violated audit documentation requirements.²⁴

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), Ricardo Agustín García Chagoyán, José Ignacio Valle Aparicio, and Rubén Eduardo Guerrero Cervera are hereby censured;
- B. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Ricardo Agustín García Chagoyán 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);²⁵ and

²² As with the 2013 Audit, Deloitte US for the 2014 Audit instructed Deloitte Mexico not to rely on controls in connection with substantive testing for the financial information audit, but instructed Deloitte Mexico to test Finmart's controls in order to support Deloitte US's ICFR opinion for EZCORP.

²³ See AU § 150.02; AU § 230.

²⁴ See AS 3 ¶ 6.a.

²⁵ As a consequence of the bar, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to García. Section 105(c)(7)(B) provides: "It shall be unlawful for any person that is suspended or barred from being associated with a registered public accounting firm under this subsection willfully to become or remain associated with any issuer, broker, or dealer in an accountancy or a financial management capacity, and for any issuer, broker, or dealer that knew, or in the exercise of reasonable care should have known, of such suspension or bar, to permit such an association, without the consent of the Board or the Commission."

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- C. After two (2) years from the date of this Order, Ricardo Agustín García Chagoyán may file a petition, pursuant to PCAOB Rule 5302(b), for Board consent to associate with a registered public accounting firm;
- D. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), José Ignacio Valle Aparicio 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);²⁶ and
- E. After two (2) years from the date of this Order, José Ignacio Valle Aparicio may file a petition, pursuant to PCAOB Rule 5302(b), for Board consent to associate with a registered public accounting firm;
- F. Pursuant to Section 105(c)(4)(B) of the Act and PCAOB Rule 5300(a)(2), Rubén Eduardo Guerrero Cervera 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);²⁷ and
- G. After two (2) years from the date of this Order, Rubén Eduardo Guerrero Cervera may file a petition, pursuant to PCAOB Rule 5302(b), for Board consent to associate with a registered public accounting firm; and
- H. Pursuant to Section 105(c)(4)(D) of the Act and PCAOB Rule 5300(a)(4), civil money penalties in the amounts of \$50,000 payable by Ricardo Agustín García Chagoyán, \$50,000 payable by José Ignacio Valle

²⁶ As a consequence of the bar, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Valle. Section 105(c)(7)(B) provides: "It shall be unlawful for any person that is suspended or barred from being associated with a registered public accounting firm under this subsection willfully to become or remain associated with any issuer, broker, or dealer in an accountancy or a financial management capacity, and for any issuer, broker, or dealer that knew, or in the exercise of reasonable care should have known, of such suspension or bar, to permit such an association, without the consent of the Board or the Commission."

²⁷ As a consequence of the bar, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Guerrero. Section 105(c)(7)(B) provides: "It shall be unlawful for any person that is suspended or barred from being associated with a registered public accounting firm under this subsection willfully to become or remain associated with any issuer, broker, or dealer in an accountancy or a financial management capacity, and for any issuer, broker, or dealer that knew, or in the exercise of reasonable care should have known, of such suspension or bar, to permit such an association, without the consent of the Board or the Commission."

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Aparicio, and \$30,000 payable by Rubén Eduardo Guerrero Cervera are imposed. All funds collected by the Board as a result of the assessment of these civil money penalties will be used in accordance with Section 109(c)(2) of the Act. Ricardo Agustín García Chagoyán, José Ignacio Valle Aparicio, and Rubén Eduardo Guerrero Cervera shall pay these civil money penalties 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 Ricardo Agustín García Chagoyán, José Ignacio Valle Aparicio, or Rubén Eduardo Guerrero Cervera 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

October 30, 2018