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Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions

In the Matter of Manning Elliott LLP,

Respondent.

PCAOB Release No. 105-2023-038

November 28, 2023

By this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions (“Order”), the Public Company Accounting Oversight Board (“PCAOB” or “Board”) is:

- (1) censuring Manning Elliott LLP (“Manning Elliott,” “Firm,” or “Respondent”);
- (2) imposing a \$35,000 civil money penalty on Manning Elliott; and
- (3) requiring Manning Elliott 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 Manning Elliott failed to disclose certain reportable events to the PCAOB on Form 3, *Special Report*, or to do so on a timely basis.

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 (“Act”), and PCAOB Rule 5200(a)(1) against Respondent.

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 entry of this Order as set forth below.¹

III.

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

A. Respondent

1. **Manning Elliott** is a limited liability partnership organized under the laws of Canada. Manning Elliott is headquartered in Vancouver, British Columbia and is licensed to practice public accounting by the Chartered Professional Accountants of British Columbia. Manning Elliott is registered with the Canadian Public Accountability Board ("CPAB") and is, and at all relevant times was, registered with the PCAOB pursuant to Section 102 of the Act and PCAOB rules.

B. Summary

2. This matter concerns Manning Elliott's failure to disclose to the PCAOB on Form 3, or to do so on a timely basis, nine reportable events concerning three disciplinary proceedings brought by CPAB against Manning Elliott. The proceedings addressed deficiencies in the quality of the Firm's audits of various clients that CPAB initially identified during inspections and subsequently referred to CPAB's enforcement program. PCAOB rules require registered firms, including Manning Elliott, to complete and file with the PCAOB a special report on Form 3 to report any event specified in that form within thirty days of the event's occurrence. Among the events that Manning Elliott is required to report on Form 3 are its becoming aware that the Firm has become a respondent in certain disciplinary proceedings, the conclusion of such proceedings, and any limitations on the Firm's authorization to engage in the business of auditing or accounting.

3. On April 20, 2021, CPAB concluded an enforcement proceeding addressing findings from a 2020 CPAB inspection of the Firm ("April 2021 Proceeding"). CPAB, as part of the April 2021 Proceeding, imposed sanctions on Manning Elliott that included restrictions on client acceptance. The limitation on the Firm's practice, as well as the initiation and conclusion of the April 2021 Proceeding, constituted reportable events under Form 3. However, Manning

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

Elliott did not report the conclusion of the April 2021 Proceeding or the resulting limitation on the Firm's license on Form 3 until August 28, 2023, and did not report the initiation of the April 2021 Proceeding on that (or any other) Form 3.

4. On May 6, 2022, CPAB concluded an enforcement proceeding addressing findings from a 2021 CPAB inspection of the Firm ("May 2022 Proceeding"). CPAB, as part of the May 2022 Proceeding, again imposed sanctions on Manning Elliott that included restrictions on client acceptance. The limitation on the Firm's practice, as well as the initiation and conclusion of the May 2022 Proceeding, constituted reportable events under Form 3. However, Manning Elliott did not report the conclusion of the May 2022 Proceeding on Form 3 until August 28, 2023, and did not report the initiation of the May 2022 Proceeding, or the limitation on the Firm's practice that resulted from it, on that (or any other) Form 3.

5. On June 19, 2023, CPAB concluded an enforcement proceeding addressing findings from a 2022 CPAB inspection of the Firm ("June 2023 Proceeding" and, collectively with the April 2021 Proceeding and May 2022 Proceeding, the "CPAB Proceedings"). Once again, the sanctions that CPAB imposed on Manning Elliott, as part of the June 2023 Proceeding, included restrictions on client acceptance. That limitation on the Firm's practice, as well as the initiation and conclusion of the June 2023 Proceeding, constituted reportable events under Form 3. However, Manning Elliott did not report the conclusion of the June 2023 Proceeding or the resulting limitation on the Firm's license on Form 3 until September 15, 2023, and did not report the initiation of the June 2023 Proceeding on that (or any other) Form 3.

C. Respondent Failed to Disclose Certain Reportable Events to the PCAOB, or to Do So on a Timely Basis, in Violation of PCAOB Rules

6. PCAOB Rule 2203 provides that a registered public accounting firm must file a special report on Form 3 to report any event specified in that form within thirty days of the event's occurrence.² One such specified event occurs when a firm "has become aware that, in a matter arising out of the Firm's conduct in the course of providing professional services for a client, the Firm has become a defendant or respondent in a civil or alternative dispute

² See PCAOB Rule 2203, *Special Reports*. As the Board noted when adopting its rules on special reporting, "reportable 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).

resolution proceeding initiated by a governmental entity or in an administrative or disciplinary proceeding other than a Board disciplinary proceeding.”³

7. Another reportable event occurs when a firm has become aware that a reportable proceeding (*i.e.*, a reportable event under Items 2.4 – 2.9 of Form 3) has been concluded as to the firm or certain of its associated persons.⁴

8. A registered firm must also report when it becomes aware that “its authorization to engage in the business of auditing or accounting in a particular jurisdiction has ceased to be effective or has become subject to conditions or contingencies other than conditions or contingencies imposed on all firms engaged in the business of auditing or accounting in the jurisdiction.”⁵

9. No later than April 20, 2021, Manning Elliott became aware that CPAB had initiated and concluded the April 2021 Proceeding, which concerned professional services the Firm provided for its clients and imposed conditions on the Firm’s authorization to engage in the business of auditing by limiting the Firm’s ability to accept new clients.

10. No later than May 6, 2022, Manning Elliott became aware that CPAB had initiated and concluded the May 2022 Proceeding, which concerned professional services the Firm provided for its clients and imposed conditions on the Firm’s authorization to engage in the business of auditing by limiting the Firm’s ability to accept new clients.

11. No later than June 19, 2023, Manning Elliott became aware that CPAB had initiated and concluded the June 2023 Proceeding, which concerned professional services the Firm provided for its clients and imposed conditions on the Firm’s authorization to engage in the business of auditing by limiting the Firm’s ability to accept new clients.

12. The initiation and conclusion of each of the CPAB Proceedings, and the limitations on client acceptance imposed as a result of each of them, constituted reportable events under Form 3. Accordingly, the Firm was required to report those events to the PCAOB on Form 3 within thirty days of their occurrence.⁶ However, Manning Elliott failed to report

³ PCAOB Form 3, at Item 2.7 (italics in the original removed).

⁴ *Id.*, at Item 2.10.

⁵ *Id.*, at Item 2.15 (italics in the original removed).

⁶ See PCAOB Rule 2203(a).

certain of those events altogether, and reported others after the deadline for doing so, as summarized below.

- April 2021 Proceeding: All three reportable events occurred by April 20, 2021 and, therefore, should have been reported no later than May 20, 2021.⁷ However, the Firm never reported the initiation of the April 2021 Proceeding, and it failed to report the conclusion of that proceeding and the limitations on client acceptance imposed as a result of it until August 28, 2023—over two years after the applicable deadline.
- May 2022 Proceeding: All three reportable events occurred by May 6, 2022 and, therefore, should have been reported no later than June 6, 2022.⁸ However, the Firm never reported the initiation of the May 2022 Proceeding or the limitations on client acceptance imposed as a result of it, and it failed to report the conclusion of that proceeding until August 28, 2023—roughly fourteen months after the applicable deadline.
- June 2023 Proceeding: All three reportable events occurred by June 19, 2023 and, therefore, should have been reported on Form 3 no later than July 19, 2023. However, the Firm never reported the initiation of the June 2023 Proceeding, and it failed to report the conclusion of that proceeding and the limitations on client acceptance imposed as a result of it until September 15, 2023—roughly two months after the applicable deadline.

13. Manning Elliott’s internal compliance and reporting systems failed to identify the initiation and conclusion of the CPAB Proceedings, as well as the limitations on the Firm’s license (specifically, limitations on client acceptance) that resulted from those proceedings, as being reportable to the PCAOB on Form 3 on a timely basis, if at all. As a result, Manning Elliott inappropriately failed to notify the PCAOB of reportable events concerning relevant disciplinary proceedings, or did so after the applicable deadline.

⁷ To calculate the relevant reporting deadline for the initiation of each of the CPAB Proceedings, the Board is treating each of the proceedings as having been initiated and concluded simultaneously.

⁸ Thirty days from the initiation/conclusion date of the May 2022 Proceeding is June 5, 2022, which was a Sunday. Accordingly, Manning Elliott’s effective deadline to report that proceeding fell on the following Monday, June 6, 2022. See PCAOB Rule 1002, *Time Computation*.

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), Manning Elliott 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 \$35,000 is imposed upon Manning Elliott.
 1. All funds collected by the PCAOB as a result of the assessment of this civil money penalty will be used in accordance with Section 109(c)(2) of the Act.
 2. Manning Elliott shall pay this civil money penalty within ten (10) days of the issuance of this Order by (1) wire transfer in accordance with instructions furnished by PCAOB 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 Office of Finance, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006, and (c) submitted under a cover letter, which identifies Manning Elliott 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.
 3. If timely payment is not made, interest shall accrue at the federal debt collection rate set for the current quarter pursuant to 31 U.S.C. § 3717. Payments shall be applied first to post-Order interest.
 4. With respect to any civil money penalty amounts that Manning Elliott shall pay pursuant to this Order, Manning Elliott shall not, directly or indirectly, (a) seek or accept reimbursement or indemnification from any

source including, but not limited to, any current or former affiliated firm or professional or any payment made pursuant to any insurance policy; (b) claim, assert, or apply for a tax deduction or tax credit in connection with any federal, state, local, or foreign tax; nor (c) seek or benefit by any offset or reduction of any award of compensatory damages, by the amount of any part of Manning Elliott's payment of the civil money penalty pursuant to this Order, in any private action brought against Manning Elliott based on substantially the same facts as set out in the findings in this Order.

5. Manning Elliott understands that failure to pay the civil money penalty described above may result in summary suspension of Manning Elliott's registration, pursuant to PCAOB Rule 5304(a), following written notice to Manning Elliott at the address on file with the PCAOB at the time of the issuance of this Order.
- C. Pursuant to Section 105(c)(4)(G) of the Act and PCAOB Rule 5300(a)(9), Manning Elliott is required:
1. within 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 Manning Elliott with reasonable assurance of compliance with PCAOB reporting requirements, including policies and procedures providing reasonable assurance that reportable events are identified by Manning Elliott personnel who participate in Manning Elliott's PCAOB reporting process and that those events are reported on the applicable PCAOB form in a timely and complete manner;
 2. within 90 days from the date of this Order, to establish policies to ensure training concerning PCAOB reporting requirements, at least annually, of any Manning Elliott personnel and any other individuals or entities, including outside consultants, who participate in Manning Elliott's PCAOB reporting process;
 3. within 90 days from the date of this Order, to assign the role of compliance with PCAOB reporting matters to an individual within Manning Elliott, or an outside consultant retained for such purposes, who possesses adequate knowledge and experience with PCAOB reporting

requirements and sufficient authority to fulfill those requirements on behalf of Manning Elliott; and

4. within 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, Manning Elliott's compliance with paragraphs C.1 through C.3 above. The certification shall identify the actions taken to satisfy the conditions specified above, provide written evidence in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. Manning Elliott shall also submit such additional evidence and information concerning compliance as the staff of the Division of Enforcement and Investigations may reasonably request. ***Manning Elliott understands that the failure to satisfy these conditions may constitute a violation of PCAOB Rule 5000 that could provide a basis for the imposition of additional sanctions in a subsequent disciplinary proceeding.***

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

November 28, 2023