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Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions

In the Matter of Sasseti LLC,

Respondent.

PCAOB Release No. 105-2024-018

March 28, 2024

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

- (1) censuring Sasseti LLC (“Sasseti,” the “Firm,” or “Respondent”);
- (2) imposing a civil money penalty in the amount of \$25,000 upon the Firm; and
- (3) requiring the Firm to undertake certain remedial actions as described in Section IV of this Order.

The Board is imposing these sanctions on the basis of its findings that the Firm failed to comply with PCAOB audit documentation standards in connection with the audit of Broker-Dealer A.

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, Sasseti 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 as set forth below.¹

III.

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

A. Respondent

1. **Sassetti LLC** is an Illinois limited liability company headquartered in Oak Brook, Illinois. Sassetti is licensed to practice public accounting by the Illinois Department of Financial and Professional Regulation (License No. 158002559) and the South Carolina Board of Accountancy (License No. 10464). At all relevant times, the Firm was registered with the Board pursuant to Section 102 of the Act and PCAOB rules.

B. Broker-Dealer

2. **Broker-Dealer A** was, at all relevant times, a Delaware corporation headquartered in Chicago, Illinois. At all relevant times, Broker-Dealer A was registered with the U.S. Securities and Exchange Commission ("Commission") as a broker and dealer in securities. At all relevant times, Broker-Dealer A was a "broker" and "dealer," as those terms are defined in Sections 110(3) and (4) of the Act and PCAOB Rules 1001(b)(iii) and (d)(iii). At all relevant times, Broker-Dealer A was a "non-carrying" broker-dealer (i.e., a broker-dealer that does not maintain custody of customer funds or securities).²

C. Sassetti Failed to Assemble and Retain Audit Documentation in Violation of AS 1215

3. In connection with the preparation or issuance of an audit report, PCAOB rules require that a registered public accounting firm and its associated persons comply with all applicable auditing and related professional practice standards.³ PCAOB standards require that

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

² Broker-Dealer A claimed an exemption pursuant to paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934 ("Exchange Act"), 17 C.F.R. § 240.15c3-3(k)(2)(ii).

³ See PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*; PCAOB Rule 3200, *Auditing Standards*.

the auditor prepare and retain audit documentation in connection with audit engagements.⁴ That includes the requirement that “[a] complete and final set of audit documentation should be assembled for retention as of a date not more than 45 days after the report release date (*documentation completion date*).”⁵ Further, “[c]ircumstances may require additions to audit documentation after the report release date[,]” but any documentation added “must indicate the date the information was added, the name of the person who prepared the additional documentation, and the reason for adding it.”⁶

4. Sassetti audited Broker-Dealer A’s financial statements for the year ended December 31, 2021, and issued its audit report on February 25, 2022, that the broker-dealer included in its Form X-17A-5 Part III filed with the Commission.

5. The documentation completion date for the audit was April 11, 2022 (45 days after the report release date). However, the Firm failed to assemble a complete and final set of audit documentation for retention until July 11, 2022, three months after the documentation completion date.

6. In addition, the Firm prepared and/or reviewed 12 work papers after the report release date and failed to indicate the reason for adding each of them to the audit documentation. The work papers included, among other things, the engagement completion document; a supervision, review, and approval form; general auditing and completion procedures; and work papers related to property, income taxes, notes payable and long-term debt, and commission expense and other income and expenses.

7. Accordingly, Sassetti violated AS 1215.

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:

⁴ See AS 1215.01, *Audit Documentation*.

⁵ *Id.* at .15.

⁶ *Id.* at .16.

- 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 \$25,000 is imposed upon the Firm.
1. 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.
 2. The Firm shall pay this civil money penalty within ten days of the issuance of this Order by: (1) wire transfer pursuant to instructions provided 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 NW, 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 NW, Washington, D.C. 20006.
 3. If timely payment is not made, additional 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 Respondent shall pay pursuant to this Order, Respondent 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 Respondent's payment of the civil money penalty pursuant to this Order, in any private action brought against Respondent based on substantially the same facts as set out in the findings in this Order.

5. Respondent understands that its failure to pay the civil money penalty described above may result in summary suspension of the Firm's registration, pursuant to PCAOB Rule 5304(a), following written notice to Respondent at the address on file with the PCAOB at the time of the issuance of this Order.
- C. Pursuant to Section 105(c)(4)(F) of the Act and PCAOB Rule 5300(a)(6), the Firm is required:
1. Within 90 days of the entry of this Order, to ensure that all professionals involved in any "audit," as that term is defined in Section 110(1) of the Act, have received professional education and training concerning compliance with AS 1215, *Audit Documentation*, including archiving of audit documentation in accordance with AS 1215. The Firm 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

March 28, 2024