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Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions

*In the Matter of RSM Brasil Auditores
Independentes Sociedade Simples,*

Respondent.

PCAOB Release No. 105-2024-045

November 19, 2024

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

- (1) censuring RSM Brasil Auditores Independentes Sociedade Simples (“RSM Brazil,” “Firm,” or “Respondent”);
- (2) imposing a \$25,000 civil money penalty on RSM Brazil; and
- (3) requiring RSM Brazil 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 RSM Brazil failed to disclose certain reportable events to the PCAOB on Form 3, *Special Report*, 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. **RSM Brazil** is a public accounting firm organized under the laws of Brazil and headquartered in São Paulo, Brazil. RSM Brazil is a member of the RSM International network and is licensed to practice public accounting by the São Paulo Regional Accounting Council (license no. CRC 2SP030002/O-7). RSM Brazil 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 RSM Brazil’s failure to timely disclose to the PCAOB on Form 3 four reportable events concerning four disciplinary proceedings initiated against the Firm by the Securities and Exchange Commission of Brazil (the Comissão de Valores Mobiliários (“CVM”). PCAOB rules require registered firms, including RSM Brazil, 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 RSM Brazil is required to report on Form 3 are the Firm becoming aware that it has become a respondent in certain disciplinary proceedings.

3. Between May 24, 2023 and August 30, 2023, the CVM notified RSM Brazil that it had initiated four separate disciplinary proceedings against the Firm. Each of those proceedings pertained to audit work conducted by RSM Brazil for real estate funds that were not issuers.² The initiation of each of the proceedings constituted a reportable event under Form 3.

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.

² The term “issuer” means an issuer (as defined in Section 3 of the Securities Exchange Act of 1934 (“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).

However, RSM Brazil failed to report those events on Form 3 until after the applicable deadlines.

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

4. 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.³ 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 resolution proceeding initiated by a governmental entity or in an administrative or disciplinary proceeding other than a Board disciplinary proceeding."⁴

5. Between May 2023 and August 2023, RSM Brazil became aware that the CVM initiated multiple proceedings against the Firm concerning audits the Firm conducted for various real estate fund clients. Specifically:

- On May 24, 2023, the Firm became aware that the CVM initiated a proceeding concerning audits the Firm conducted of a real estate fund for the years ended June 30, 2019, June 30, 2020, and June 30, 2021;
- On June 8, 2023, the Firm became aware that the CVM initiated a proceeding concerning an audit the Firm conducted of a real estate fund for the year ended December 31, 2020;
- On August 28, 2023, the Firm became aware that the CVM initiated a proceeding concerning an audit the Firm conducted of a real estate fund for the year ended June 30, 2021; and
- On August 30, 2023, the Firm became aware that the CVM initiated a proceeding concerning an audit the Firm conducted of a real estate fund for the year ended December 31, 2020.

³ 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." *Rules on Periodic Reporting by Registered Public Accounting Firms*, PCAOB Rel. No. 2008-004, at 17 (June 10, 2008).

⁴ PCAOB Form 3, at Item 2.7 (italics in the original removed).

6. The initiation of each of the CVM proceedings constituted a reportable event under Form 3. Accordingly, the Firm was required to report the initiation of those proceedings to the PCAOB on Form 3 within thirty days of the Firm learning of them.⁵ However, RSM Brazil failed to report any of the proceedings prior to filing a Form 3 on June 27, 2024—well after the applicable reporting deadlines.⁶

7. RSM Brazil’s internal compliance and reporting systems failed to identify the initiation of the CVM proceedings as being reportable to the PCAOB on Form 3 on a timely basis. As a result, RSM Brazil inappropriately failed to notify the PCAOB of reportable events concerning relevant disciplinary proceedings by the applicable deadline, in violation of PCAOB Rule 2203.

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), RSM Brazil 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 RSM Brazil.
 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. RSM Brazil shall pay this civil money penalty within ten 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 RSM Brazil as a respondent in these proceedings, sets forth the title and PCAOB release number of these proceedings, and states that payment is

⁵ See PCAOB Rule 2203(a).

⁶ RSM Brazil filed a Form 3 on September 6, 2024 timely reporting the conclusion of the CVM proceeding that was initiated on May 24, 2023.

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 RSM Brazil shall pay pursuant to this Order, RSM Brazil 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 RSM Brazil's payment of the civil money penalty pursuant to this Order, in any private action brought against RSM Brazil based on substantially the same facts as set out in the findings in this Order.
 5. RSM Brazil understands that failure to pay the civil money penalty described above may result in summary suspension of RSM Brazil's registration, pursuant to PCAOB Rule 5304(a), following written notice to RSM Brazil 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), RSM Brazil is required:
1. within 90 days from the date of this Order, to establish, revise, or supplement, as necessary, policies and procedures, including monitoring procedures, for the purpose of providing RSM Brazil with reasonable assurance of compliance with PCAOB reporting requirements, including policies and procedures providing reasonable assurance that reportable events are identified by RSM Brazil personnel who participate in RSM Brazil'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 and procedures to ensure training concerning PCAOB reporting requirements, at least annually, of any RSM Brazil personnel who participate in RSM Brazil'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 RSM Brazil who possesses adequate knowledge and experience with PCAOB reporting requirements and sufficient authority within RSM Brazil to fulfill those requirements on behalf of RSM Brazil; 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, RSM Brazil'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 of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. RSM Brazil shall also submit such additional evidence and information concerning compliance as the staff of the Division of Enforcement and Investigations may reasonably request.
5. RSM Brazil understands that the failure to satisfy any provision of Section IV.C 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 19, 2024