

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 83428 / June 14, 2018

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3943 / June 14, 2018

ADMINISTRATIVE PROCEEDING
File No. 3-18542

In the Matter of

RSM US LLP,

Respondent.

**ORDER INSTITUTING PUBLIC
ADMINISTRATIVE PROCEEDINGS,
PURSUANT TO SECTION 4C OF THE
SECURITIES EXCHANGE ACT OF 1934
AND RULE 102(e) OF THE COMMISSION'S
RULES OF PRACTICE, MAKING
FINDINGS, AND IMPOSING REMEDIAL
SANCTIONS.**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that public administrative proceedings be, and hereby are, instituted against RSM US LLP (“RSM” or “Respondent”) pursuant to Section 4C¹ of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 102(e)(1)(ii) of the Commission’s Rules of Practice.²

¹ Section 4C provides, in relevant part, that:

The Commission may censure any person, or deny, temporarily or permanently, to any person the privilege of appearing or practicing before the Commission in any way, if that person is found . . . (1) not to possess the requisite qualifications to represent others; (2) to be lacking in character or integrity, or to have engaged in unethical or improper professional conduct; or (3) to have willfully violated, or willfully aided and abetted the violation of, any provision of the securities laws or the rules and regulations thereunder.

² Rule 102(e)(1)(ii) provides, in pertinent part, that:

The Commission may . . . deny, temporarily or permanently, the privilege of appearing or practicing before it . . . to any person who is found . . . to have engaged in unethical or improper professional conduct.

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over Respondent and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Public Administrative Proceedings, Pursuant to Section 4C of the Securities Exchange Act of 1934 and Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds³ that:

Summary

1. This matter involves improper professional conduct by RSM while performing the 2011 audit of Madison Capital Energy Income Fund I LP (“Fund I”), a private fund formed for the general purpose of acquiring oil and gas royalty interests to generate a return for its investors.⁴ During the course of the Fund I engagement, RSM repeatedly violated professional standards, including by failing to conduct the 2011 Fund I audit (hereinafter “Fund I audit”) in conformity with Generally Accepted Auditing Standards (“GAAS”) and issuing to Fund I an audit report containing an unqualified opinion that the fund’s statement of assets and partners’ capital was presented fairly, in all material respects, in conformity with Generally Accepted Accounting Principles (“GAAP”).⁵ However, the schedule of investments failed to separately report the fair value of the investments in each oil and gas royalty interest held by Fund I, as required by GAAP. Lisa Hanmer (“Hanmer”), the Fund I engagement manager, knew that the Fund I schedule of investments was not in conformity with GAAP. Hanmer further knew that adequate procedures had not been performed in auditing the fair value of the investment in the underlying Fund I royalty interests and took steps to conceal this fact from RSM personnel, including engagement partner, Daniel Millmann (“Millmann”). Millmann did not complete the workpaper documentation, evidencing that all review comments for the audit were satisfactorily resolved before the audit report was released. Millmann neglected to review the investment audit workpaper which, in the circumstances, was required. Millmann improperly delegated critical engagement partner responsibilities to an engagement manager, Hanmer. RSM’s policies and procedures failed to detect or prevent the audit failures that occurred on this matter as discussed below.⁶

³ 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.

⁴ This Order references the American Institute of Certified Public Accountants (“AICPA”) standards in effect at the time of the 2011 Fund I audit. These standards are encompassed in Generally Accepted Auditing Standards.

⁵ As noted in its audit report issued for the Fund I audit, RSM’s audit of the statement of assets and partners’ capital included the schedule of investments. As of December 31, 2011, Fund I reported net assets of \$2,574,744.

⁶ All descriptions of RSM’s systems, policies, and procedures refer to those in effect at the time of the Fund I audit.

In the wake of the Commission staff's investigation, RSM withdrew the Fund I audit report, citing significant concerns that certain necessary audit procedures were omitted from the Fund I audit.

Respondent

2. **RSM US LLP (formerly known as McGladrey LLP) ("RSM")**, a limited liability partnership with its headquarters in Chicago, Illinois, is a national public accounting firm registered with the Public Company Accounting Oversight Board ("PCAOB"). Fund I engaged RSM, through RSM's Madison, Wisconsin office, to "perform an audit of [Fund I's] statement of net assets, including the schedules of investments as of December 31, 2011 and a review of the related statements of operations, changes in partners' capital and cash flows for the year then ended . . . in accordance with auditing standards generally accepted in the United States of America" in May 2012.

Other Relevant Parties

3. **Daniel Millmann ("Millmann")**, age 54, currently resides in Madison, Wisconsin and is a certified public accountant licensed to practice in Wisconsin. Millmann has worked at RSM since 1990 and became a partner in 2005. Millmann served as the RSM engagement partner for the Fund I audit. Millmann was charged by the Commission on May 23, 2017 under Exchange Act Section 4C and Rule 102(e) for his conduct on the Fund I audit. Millmann settled those charges on a no admit no deny basis and consented to an order pursuant to Exchange Act Section 4C and Rule 102(e) that denies him the privilege of appearing or practicing before the Commission as an accountant with the right to apply for reinstatement after two years. *See Millmann*, Exchange Act Release No. 80749 (May 23, 2017) (settled order).

4. **Lisa Hanmer ("Hanmer")**, age 44, currently resides in Oregon, Wisconsin and is a certified public accountant licensed to practice in Wisconsin. Hanmer began working at RSM in 1996, became a partner in 2013, and resigned from the firm, effective March 31, 2015. Hanmer served as the RSM manager for the Fund I audit and held the title of director at the time. Hanmer was sued by the Commission on May 23, 2017 under Exchange Act Section 4C and Rule 102(e) for her conduct on the Fund I audit. *See Hanmer*, Exchange Act Release No. 80750 (May 23, 2017). On June 12, 2017, Hanmer settled the lawsuit on a no admit no deny basis and consented to an order pursuant to Exchange Act Section 4C and Rule 102(e) that denies her the privilege of appearing or practicing before the Commission as an accountant. *See Hanmer*, Exchange Act Release No. 80904 (June 12, 2017).

Background

5. Madison Capital Investments LLC ("MCI"), a Wisconsin limited liability company based in Madison, Wisconsin, organized a number of private placements of equity interests in oil and gas limited partnerships since 2009, including Fund I. MCI offered its funds to broker-dealers and investment advisers, and they in turn introduced these funds to prospective investors. These broker-dealers and investment advisers generally required certain information before they agreed to place these funds on their platforms (to be sold to, among others, accredited individual investors), including audited financial statements. Thus, MCI signed a letter to engage RSM on May 16, 2012 to perform an audit of Fund I's statement of assets and partners' capital as of December 31, 2011 and a review of the related statements of operations, changes in partners' capital and cash flows for the year then ended (the "audit report"). Fund I's only material assets were interests in oil and gas royalty properties. As such,

auditing the value of those assets was the primary purpose for MCI retaining RSM to conduct the audit of Fund I's statement of assets and partners' capital.

6. RSM issued its final audit report to Fund I on May 30, 2012. This report contained an unqualified opinion on Fund I's statement of assets and partners' capital and a review conclusion, made in accordance with AICPA standards, on the other financial statements issued by Fund I. Specifically, RSM opined that the Fund I statement of assets and partners' capital "presents fairly, in all material respects, the financial position of [Fund I] as of December 31, 2011, in conformity with accounting principles generally accepted in the United States of America."

7. The Fund I audit report was subsequently distributed by MCI to broker-dealers and investment advisers, who reviewed the Fund I audit report in connection with their due diligence review for MCI's later funds. RSM generally understood how MCI intended to utilize the final Fund I audit report.

RSM's Quality Control Policies and Procedures

8. The operational responsibility for the RSM quality control system is assigned to RSM's National Professional Standards Group, National Office of Risk Management ("NORM"), and Regional Professional Practices Offices.

9. All RSM partners and other professionals are required to adhere to all applicable provisions of the AICPA Code of Professional Conduct, as well as applicable ethics requirements of the PCAOB and state boards of accountancy.

10. During the relevant time period, RSM's client acceptance and continuation policies and procedures required the engagement partner to carefully evaluate the prospective client engagement prior to acceptance by, among things, ensuring that qualified professional staff and other functional and industry specialists were available. Acceptance of all clients required approval by the regional assurance leader or his or her designee.

11. During the relevant time period, RSM used the McGladrey Risk Assessment Model ("MRAM"), an RSM-developed electronic tool that assists engagement teams in performing consistent and comprehensive evaluations of risk prior to client acceptance. In arriving at an engagement risk assessment, the MRAM considers several risk-rating factors, such as industry, financial condition, governance, management, control environment, size, complexity, and international reach. In addition to providing for the approval of engagement acceptance or continuance, the MRAM process identifies potential risks of material misstatement and the need for the involvement of subject matter experts, and approves engagement staffing. RSM's policies in this area were designed to provide reasonable assurance that RSM undertakes or continues relationships and engagements only where RSM: (i) has considered the integrity of the client and the risks associated with providing professional services under the circumstances; (ii) is competent to perform the engagement and has the capabilities and resources to do so; (iii) can comply with the applicable legal and ethical requirements; and (iv) can reach an understanding with the client regarding the nature, scope, and limitations of the services to be performed.

12. RSM designed its policies and procedures to provide reasonable assurance that RSM has sufficient professional personnel with the capabilities, competence, and commitment to ethical

principles necessary to perform RSM's engagements in accordance with professional standards and regulatory and legal requirements and to enable RSM to issue reports that are appropriate under the circumstances. NORM, in consultation with the Regional Professional Practice Offices, approves a list of assurance partners, directors, and other professionals who have designations within RSM's quality control system. This list identifies individuals by industry and engagement risk rating who are authorized to serve as engagement partners and managers, engagement quality reviewers, industry specialists, independent report reviewers, SEC compliance reviewers, and subject matter experts. RSM assigns an individual to a specific engagement after considering the professional competence and industry experience of the individual, together with the degree of knowledge, skills, and abilities required under the circumstances. RSM's Regional Professional Practice Officers have the ability to approve RSM staff, who are not on the preapproved list, for a given audit.

13. To provide reasonable assurance that engagements are consistently performed properly, RSM develops, maintains, and provides personnel with electronic manuals, software tools, and subject matter guidance materials, which address: (i) audit methodology, (ii) engagement supervision, (iii) appropriate documentation of work performed, and (iv) identifying matters for consultation or consideration by more experienced professionals. RSM's audit methodology dictates that the engagement team plan the audit work so that an effective audit is performed, designing procedures that are responsive to the risks of material misstatement.

The Fund I Audit

14. Hanmer functioned in the role of engagement manager for the Fund I audit and performed the most work on the audit, including performing or overseeing the field work and testing for the audit (including its documentation in the workpapers) and drafting the Fund I audit report. At the time of the Fund I audit, Hanmer was a director at RSM whose primary experience was in auditing privately-held manufacturing companies. Fund I was the first oil and gas fund she had audited in her career. Hanmer had no prior training, competency or experience relating to the issuance of an audit report involving fair value measurements and disclosures of these financial and non-financial assets.

15. Millmann was the engagement partner for the Fund I audit. At the time of the Fund I audit, Millmann's primary experience was in auditing privately-held manufacturing companies and professional service organizations. Millmann had never worked on an audit of an oil and gas fund prior to the Fund I audit. Millmann had no prior training, competency or experience relating to the issuance of an audit report involving fair value measurements and disclosures of these financial and non-financial assets.

16. The Fund I audit fell under the auspices of RSM's financial services group, which specializes in audits of broker-dealers, futures commodities merchants, non-registered proprietary trading firms, business development companies, commodity pools, hedge funds, mutual funds, small business investment company funds, registered investment advisers, and private equity funds (hereinafter "RSM's Financial Services Practice"). At the time of the Fund I audit, Millmann and Hanmer were not on RSM's preapproved list for RSM's Financial Services Practice audits. This list identifies competent individuals to perform audits for RSM's Financial Services Practice, the purpose of which is to provide reasonable assurance that such audits are performed according to firm and professional standards.

17. Because Millmann and Hanmer were not on the preapproved list for RSM’s Financial Services Practice audits, the Regional Professional Practices Officer for the RSM Great Lakes Region (“RPPO”) was required, according to RSM policy, to approve the staffing of Millmann and Hanmer on the engagement. Despite their lack of experience with financial services or oil and gas fund audits, and the fact that as described below, the MRAM for the audit determined that it was high risk, the RPPO approved staffing Millmann and Hanmer on the Fund I audit, and did not do so until after they began working on the audit.

18. In addition, contrary to RSM’s client acceptance and continuation policies, substantive audit procedures had begun before RSM had cleared the Fund I engagement through the MRAM, which, as discussed above, assessed the risk of audit engagements and was designed to ensure that the audit engagement staff had the required competency and experience. The MRAM for the Fund I audit, which was approved on May 7, 2012, determined that the Fund I audit was high risk and therefore required the assignment of a concurring review partner on the audit. The concurring review partner, a member of RSM’s national professional standards group, was on the preapproved list for RSM’s Financial Services Practice audits but did not have experience auditing oil and gas funds. As a consequence, an oil and gas subject matter expert was assigned to the Fund I audit.

19. Millmann did not sign off on the investments audit program, which included the contemplated audit procedures for Fund I’s only material assets. In addition, the concurring review partner did not sign off on the required Audit Engagement Concurring Review Questionnaire for the Fund I audit, which is the workpaper that documents a concurring review partner’s review of the significant areas of an audit engagement.

20. RSM did not perform adequate audit procedures on Fund I’s schedule of investments to obtain sufficient evidence for their fair value. Fund I valued the royalty interests it held using engineering software that accounts for a number of inputs/factors when determining future production and prices. The RSM valuation specialist assigned to the audit concluded that the valuation methodology employed by Fund I “does not appear unreasonable” but deferred to others on the audit team to confirm a number of items, including that the value of the individual royalty interests purchased and owned by Fund I were actually reflected in Fund I’s valuation report. The audit team never confirmed that the royalty interests purchased by Fund I were reflected in the Fund I valuation report. Instead, Hanmer falsified the schedule of investments workpapers – by manually inserting the initials of a staff member assigned to the Fund I audit next to certain audit procedures – to conceal that required audit work was not completed.

21. RSM issued an audit report containing an unqualified opinion on the Fund I statement of assets and partners’ capital; however, the Fund I financial statements, including the statement of assets and partners’ capital, were not in conformity with GAAP. Specifically, ASC 946-210-50-6 requires breaking out and reporting the value of each individual fund asset on the schedule of investments that is more than 5 percent of total net assets.⁷ Notwithstanding this GAAP disclosure requirement, the final Fund I Schedule of Investments sent to the client by Hanmer only reported the combined cost and fair values of all of the royalty interests purchased by the fund. It did not report the values of Fund I’s individual royalty interests.

⁷

Fund I was required to comply with the GAAP Industry Guidance found at ASC 946, *Investment Companies*.

22. At the time the final audit report was released, Hanmer knew that the Fund I financial statements were not in conformity with GAAP and took steps to conceal this fact from RSM personnel. Specifically, before Hanmer sent the final audit report to Fund I, the concurring review partner assigned to the Fund I audit clearly alerted Hanmer that Fund I's royalty interests needed to be broken out individually to be in conformity with GAAP. Nevertheless, submitting to client pressure to release the Fund I audit report, Hanmer intentionally disregarded her concurring review partner's comment and sent the final audit report to the client with a schedule of investments that included only a single, consolidated valuation of the royalty interests. To evade detection, Hanmer sent her concurring review partner a different schedule of investments – which was not sent to Fund I – that purported to incorporate the concurring review partner's comment, but, in reality, included fictitious fair values for individual royalty interests.

23. Millmann failed to complete the RSM required engagement report release workpaper, which, in relevant part, mandated that Millmann satisfy himself that all review comments for the audit were satisfactorily resolved before the audit report was released. Moreover, the final audit report was not submitted to RSM's report processing group before being released to the client.

24. Millmann neglected to review many investment workpapers (including Fund I's valuation summary report) and did not sign off on the investment audit program, which was necessary in the circumstances of this engagement. As a result, Millmann was unable to determine if the engagement team's audit procedures for Fund I's investments, which represented a significant portion of Fund I's assets, were adequate or even if they were all completed. In short, Millmann did not fulfill his supervisory responsibility for the Fund I audit.

Withdrawal of Fund I Audit Report

25. RSM informed the Commission staff in early 2015 that the Commission staff's investigation caused it to conduct its own internal review of the Fund I audit. In connection with this internal review, the RSM Quality Control Inquiry Committee convened on February 7, 2015 and concluded that: Hanmer's conduct on the Fund I audit departed from professional standards and firm policies to a degree that warranted a recommendation to separate Hanmer from RSM.

26. Subsequently, Millmann, on behalf of RSM, in a February 23, 2015 letter to MCI, withdrew its Fund I audit report based on "significant concerns that certain auditing procedures [RSM] considered necessary in the circumstances existing at the time of the engagement were omitted from the audit of the statement of assets, including Fund I's schedule of investments, and [RSM's] review of the other financial statements." The Fund I audit report was withdrawn after Fund I's offering period closed and after investors had already invested. RSM did not prevent or detect the audit failures discussed above prior to the final report being released to the client.

Violations of Professional Standards

27. AU Section 230 requires that an auditor exercise due professional care in the performance of an audit and the preparation of an audit report. AU § 230.01. This standard requires the auditor to plan and perform his work with due professional care. *Id.* § 230.02. Due professional care imposes a responsibility upon each professional within an independent auditor's organization to conduct field work and reporting with reasonable care and diligence and to possess the degree of skill

commonly possessed by other auditors. *Id.* §§ 230.02-.05. Auditors should be assigned to tasks and supervised commensurate with their level of knowledge, skill, and ability so that they can evaluate the audit evidence they are examining. *Id.* § 230.06. As a result of the conduct described above, Respondent failed to meet this standard on the Fund I audit.

28. AICPA standards require that an auditor adequately plan field work for an audit. AU § 311.01. Audit planning involves developing an overall audit strategy for the expected conduct, organization, and staffing of the audit. *Id.* § 311.02. Obtaining an understanding of the entity and its environment, including its internal control, is an essential part of planning and performing an audit in accordance with GAAS. *Id.* § 311.03. The auditor must plan the audit so that it is responsive to the assessment of the risk of material misstatement based on the auditor's understanding of the entity and its environment, including its internal control. *Id.* The auditor must develop an audit plan in which the auditor documents the audit procedures to be used that, when performed, are expected to reduce audit risk to an acceptably low level. *Id.* § 311.19. As a result of the conduct described above, Respondent failed to meet this standard on the Fund I audit.

29. AICPA standards require that audit "assistants," or firm personnel other than the auditor with final responsibility for the audit, be properly supervised. AU §§ 311.01, .04. Elements of supervision include instructing assistants, keeping informed of significant issues encountered, reviewing the work performed, and dealing with differences of opinion among firm personnel. *Id.* § 311.28. The extent of supervision appropriate in a given instance depends on many factors, including the complexity of the subject matter and the qualifications of persons performing the work, including knowledge of the client's business and industry. *Id.* As a result of the conduct described above, Respondent failed to meet this standard on the Fund I audit.

30. According to AICPA standards, the auditor must perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected. AU § 312.03. As a result of the conduct described above, Respondent failed to meet this standard on the Fund I audit.

31. AICPA standards require that: "[t]he auditor must obtain sufficient appropriate audit evidence by performing audit procedures to afford reasonable basis for an opinion regarding the financial statements under audit." AU § 326.01. Sufficiency is the measure of the quantity of audit evidence, and appropriateness is the measure of the quality of audit evidence. *Id.* § 326.06. The quantity of audit evidence needed is affected by the risk of misstatement (the greater the risk, the more audit evidence is likely to be required) and also by the quality of such audit evidence (the higher the quality, the less the audit evidence that may be required). *Id.* As a result of the conduct described above, Respondent failed to meet this standard on the Fund I audit.

32. The AICPA established Quality Control Standards for CPA firms' accounting and auditing practices. QC § 10. A system of quality control consists of policies designed to achieve the following objective and the procedures necessary to implement and monitor compliance with those policies. *Id.* § 10.04. The objective of a CPA firm is to establish and maintain a system of quality control to provide it with reasonable assurance that a) the firm and its personnel comply with professional standards and applicable legal and regulatory requirements and b) reports issued by the firm are appropriate in the circumstances. *Id.* § 10.12. A firm's system of quality control should include policies and procedures addressing acceptance and continuance of client relationships and specific engagements, engagement performance and monitoring. *Id.* § 10.17. It should also include

policies and procedures requiring that the engagement partner and personnel have the necessary competence and capabilities to perform the audit engagement. *Id.* § 10.34. A firm's supervision policies and procedures should reasonably assure that suitably experienced engagement team members, including the engagement partner, supervise the work performed. *Id.* § 10.36. As a result of the conduct described above, Respondent failed to meet the standards that required competency and proficiency in client acceptance and continuance, staffing, and supervision on the Fund I audit.

Violations

33. Rule 102(e)(1)(ii) of the Commission's Rules of Practice provides that the Commission may deny the privilege of appearing or practicing before the Commission to any person who is found to have engaged in improper professional conduct. Respondent engaged in improper professional conduct as defined in Rule 102(e)(1)(iv)(B)(2) (*i.e.*, negligent conduct consisting of repeated instances of unreasonable conduct, each resulting in a violation of applicable professional standards, that indicate a lack of competence to practice before the Commission).

Findings

34. Based on the foregoing, the Commission finds that Respondent engaged in improper professional conduct within the meaning of Section 4C(a)(2) of the Exchange Act and Rule 102(e)(1)(ii) of the Commission's Rules of Practice.

RSM's Remedial Efforts

35. In determining to accept RSM's Offer, the Commission considered remedial acts promptly undertaken by RSM and cooperation afforded the Commission staff.

Undertakings

36. RSM's Review. Within 240 days after the entry of this Order, RSM shall perform and complete a review and evaluation ("RSM's Review") of the sufficiency and adequacy of RSM's quality controls and policies and procedures for all audits of SEC registrants as well as audits of private funds within RSM's Financial Services Practice regarding the following (hereinafter referred to as "RSM's Policies"):

- a. the exercise of due professional care as it relates to audits involving fair value measurements and disclosures of financial and non-financial assets;
- b. the performance of client acceptance and continuance procedures relative to the commencement of any significant audit procedures, including relating to fair value measurements and disclosures of financial and non-financial assets;
- c. the incorporation of the results of risk assessment on audit planning prior to the commencement of any significant audit procedures, including relating to fair value measurements and disclosures of financial and non-financial assets;

- d. effective supervision by engagement partners and managers, including review of work related to the appropriate use of specialists employed or engaged by RSM to assist an engagement team in performing risk assessments, planning or performing audit procedures, or evaluating audit results, including, but not limited to:
 - i. the coordination of relative responsibilities between auditors and specialists; and
 - ii. the effective supervision by engagement partner and managers of the employed specialists' work;
- e. adequate audit documentation related to workpaper sign-offs and audit report release procedures; and
- f. obtaining reasonable assurance that:
 - i. the engagement partner and other individuals assisting the engagement partner in supervising the engagement possess the competencies that are necessary and appropriate in the individual engagement circumstances, and
 - ii. work is assigned to personnel having the degree of technical training and proficiency required in the circumstances.

RSM's Review shall assess the foregoing areas to determine whether RSM's Policies are adequate and sufficient to provide reasonable assurance of compliance with all relevant Commission regulations and relevant audit standards and rules. In the event RSM's Review results in any changes to RSM's Policies, RSM agrees to extend the same changes to policies and procedures related to audits in all other practice areas where such changes are applicable and appropriate.

37. RSM Report. Within 60 days of completing RSM's Review, RSM shall deliver to the Commission staff a detailed written report ("RSM Report") summarizing its review and changes to RSM's Policies, if any, to provide reasonable assurance of compliance with all relevant Commission regulations and relevant audit standards and rules. The RSM Report shall identify the undertaking as described in paragraph 36, provide written evidence of compliance in the form of a narrative (including, but not limited to, the resources devoted to compliance with the undertaking), and be supported by exhibits sufficient to demonstrate compliance with that undertaking. The Commission staff may make reasonable requests for further evidence of compliance with the undertakings described in paragraph 36, and RSM agrees to provide such evidence.

38. Certification by RSM's CRO. Within 60 days of issuance of the RSM Report, but not sooner than 30 days after a copy of the RSM Report is provided to the Commission staff, RSM's chief risk officer ("CRO") must certify to the Commission staff in writing that RSM has adopted and has implemented or will implement all recommendations contained in the RSM Report. To the extent that RSM has not implemented all recommendations contained in the RSM Report within 60 days of issuance of the RSM Report, RSM's CRO must certify to the Commission staff in writing, 30 days after their implementation, that RSM has adopted and has implemented all recommendations contained

in the RSM Report. The certifications by RSM's CRO shall identify the undertakings, provide written evidence of adoption and implementation in the form of a narrative, and be supported by exhibits sufficient to demonstrate adoption and implementation. The Commission staff may make reasonable requests for further evidence of adoption and implementation, and RSM agrees to provide such evidence.

39. Training. Within two years of entry of this Order,

- a. RSM shall require each audit professional who performs audits of SEC registrants as well as audits of private funds within RSM's Financial Services Practice to successfully complete a minimum of 16 hours of audit-related training. The audit-related training shall cover the topics specified above in paragraph 36 with an emphasis on the need to follow policies, procedures and professional standards at all times, even when faced with client pressure; and
- b. RSM shall issue a firm-wide announcement describing this case and its ramifications to those involved.

40. Within 60 days of the last certification required by paragraph 38 or the completion of the training requirements contemplated by paragraph 39, whichever is later, RSM's CRO shall certify, in writing, adoption and implementation with the undertakings set forth above. The certification shall identify the undertakings, provide written evidence of adoption and implementation in the form of a narrative, and be supported by exhibits sufficient to demonstrate adoption and implementation. The Commission staff may make reasonable requests for further evidence of adoption and implementation, and RSM agrees to provide such evidence.

41. All reports and certifications mentioned in these undertakings shall be submitted to Steven Klawans, Assistant Regional Director, Division of Enforcement, Securities and Exchange Commission, 175 W. Jackson Blvd., Suite 900, Chicago, IL 60604, with a copy to the Office of Chief Counsel of the Enforcement Division.

42. For good cause shown, the Commission staff may extend any of the procedural dates relating to the undertakings. Deadlines for procedural dates shall be counted in calendar days, except that if the last day falls on a weekend or federal holiday, the next business day shall be considered to be the last day.

43. In determining whether to accept RSM's Offer, the Commission has considered these undertakings. RSM agrees that if the Division of Enforcement believes that RSM has not satisfied these undertakings, it may petition the Commission to reopen the matter to determine whether additional sanctions are appropriate.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED, effective immediately, that:

- A. RSM is censured; and
- B. RSM shall comply with the undertakings enumerated in paragraphs 36 through 43 above.

By the Commission.

Brent J. Fields
Secretary