

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 86770 / August 27, 2019

INVESTMENT ADVISERS ACT OF 1940
Release No. 5331 / August 27, 2019

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 4066 / August 27, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19379

In the Matter of

RSM US LLP
(f/k/a McGladrey LLP)

Respondent.

**ORDER INSTITUTING PUBLIC
ADMINISTRATIVE AND CEASE-AND-
DESIST PROCEEDINGS, PURSUANT TO
SECTION 203(k) OF THE INVESTMENT
ADVISERS ACT OF 1940, SECTIONS 4C
AND 21C OF THE SECURITIES
EXCHANGE ACT OF 1934 AND RULE
102(e) OF THE COMMISSION’S RULES OF
PRACTICE, MAKING FINDINGS, AND
IMPOSING REMEDIAL SANCTIONS AND
A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that public administrative and cease-and-desist proceedings be, and hereby are, instituted against RSM US LLP (“RSM US” or “Respondent”) pursuant to Section 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”), Sections 4C¹ and 21C of the Securities

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 issued thereunder.

Exchange Act of 1934 (“Exchange Act”) and Rule 102(e)(1)(ii) of the Commission’s Rules of Practice.²

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 it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Public Administrative and Cease-and-Desist Proceedings Pursuant to Section 203(k) of the Investment Advisers Act of 1940, Sections 4C and 21C of the Securities Exchange Act of 1934, and Rule 102(e) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

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

Summary

1. These proceedings arise from violations of the Commission’s auditor independence rules by public accounting firm RSM US. The Commission’s auditor independence rules prohibit at any point during the audit or professional engagement period certain employment relationships between an audit firm and its audit client and the provision of certain non-audit services, such as management functions including payroll processing, financial information system design or implementation, and broker-dealer, investment adviser or investment banking services. The rules define an “audit client” to include the client’s affiliates and an “accounting firm” to include associated entities, including other member firms of an international network.³

2. Deficiencies in certain of RSM US’s quality controls around auditor independence, including certain procedures, systems, and training, between 2014 and 2015 resulted in the firm’s failure to identify and avoid prohibited non-audit services and a prohibited employment relationship as to at least 15 audit clients over that time period. Certain of these independence violations remained undetected until at least 2016. RSM US’s violations of the independence rules occurred during RSM US’s work on more than 100 audit reports for such clients as private funds whose Registered Investment Advisers were seeking to comply with the

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.

³ 17 C.F.R. § 210-2.01(f)(6) and (f)(2).

Custody Rule,⁴ employee benefit plans that file reports with the Commission on Form 11-K, broker-dealers, and multi-national public companies.

3. RSM US represented that it was “independent” in audit reports issued on the clients’ financial statements, which were included or incorporated by reference in public filings with the Commission or provided to private fund investors for the purpose of complying with the Custody Rule. By doing so, RSM US violated Rule 2-02(b)(1) of Regulation S-X and caused its clients’ violations of Section 17(a)(1) of the Exchange Act and Rule 17a-5 thereunder, Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder, Section 15(d) of the Exchange Act and Rule 15d-1 thereunder, and Section 206(4) of the Advisers Act and Rule 206(4)-2 thereunder. RSM US’s conduct also constituted improper professional conduct pursuant to Section 4C of the Exchange Act and Rule 102(e) of the Commission’s Rules of Practice.

Respondent

4. RSM US LLP (f/k/a McGladrey LLP) is an accounting and advisory firm headquartered in Chicago, Illinois. Through more than 80 offices across the country, RSM US provides audit, tax, and consulting services. RSM US is registered with the Public Company Accounting Oversight Board (“PCAOB”) and is the U.S. member firm of the RSM International (“RSMI”) network.

Other Relevant Entity

5. RSMI, incorporated in London, United Kingdom, is a professional services network of independent audit, tax, and consulting member firms located in over 120 countries.

Facts

A. Legal Background

6. Rule 2-01(c)(4) of Regulation S-X sets forth a non-exhaustive list of non-audit services which an auditor cannot provide to its audit clients and be considered independent. *See* 17 C.F.R. § 210-2.01(c)(4)(i)-(x). Additionally, Rule 2-01(c)(2) of Regulation S-X provides that an auditor is not independent of its audit client if “a current partner, principal, shareholder, or professional employee of the accounting firm is employed by the audit client or serves as a member of the board of directors or similar management or governing body of the audit client.” *See* 17 C.F.R. § 210-2.01(c)(2).

⁴ Investment advisers registered with the Commission pursuant to the Investment Advisers Act of 1940 (“Advisers Act”) are subject to Advisers Act Rule 206(4)-2, known as the “Custody Rule.” The rule requires advisers that have custody of client assets to take steps to safeguard those assets. One of the ways for an investment adviser to satisfy certain obligations under the Custody Rule is by having the financial statements of its funds audited annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (“PCAOB”). In order to be independent, the public accountant must meet the standards of independence described in Rule 2-01(b) and (c) of Regulation S-X. Custody Rule audits are generally conducted in accordance with generally accepted auditing standards.

7. PCAOB standards also require auditors to be independent with respect to issuer audits. In addition, PCAOB quality control standards require audit firms to establish policies and procedures “to provide the firm with reasonable assurance that personnel maintain independence (in fact and appearance) in all required circumstances.” (QC 20.09). Audit firms are required to monitor on an ongoing basis whether personnel are complying with the independence requirements, including through “a continuing assessment of client relationships.” (QC 20.08). Such quality controls must be suitably designed in relation to, among other factors, the firm’s size, number of offices, and nature and complexity of the firm’s practice. (QC 20.04).

B. Certain RSM US Independence Controls

8. RSM US maintains information about client relationships in Client Central, a database used by the firm since at least 2011. Among other things, Client Central contains information about all work billed to clients, both audit and non-audit, across all RSM US offices. Client Central was one database that RSM US engagement teams were required to search as part of client acceptance and continuance procedures.

9. To track services RSMI member firms provide to clients worldwide, RSMI maintains a database called the Global Relationship Tracker (the “GRT”). In 2011, RSMI began collecting information from RSMI member firms, including RSM US, about certain audit and non-audit services provided to various entities. The type of information required to be submitted for inclusion in GRT expanded over time. Since 2013, RSMI member firms are required to certify that they have included all required information in GRT regarding audit and non-audit services provided to publicly traded companies, entities within private equity groups, and certain other entities. As part of and since year-end 2014 audits, RSM US audit engagement teams have been required to search GRT, in addition to performing inquiries of client management, to identify services being provided to clients and their affiliates by RSMI member firms.

10. Prior to the 2017 audit year, as part of client acceptance and continuance, all RSM US audit engagement teams were required to complete a computer-based questionnaire called the McGladrey Risk Assessment Model (MRAM) to assess, among other potential engagement risks, those related to auditor independence. Starting in late 2013, RSM US consulting teams were also required to complete a MRAM and perform a search of Client Central to identify any audit or non-audit services RSM US provided to clients.

C. RSM US’s Prohibited Services and Relationships

11. From 2014 to 2015, RSM US or other RSMI member firms provided prohibited non-audit services to, or had a prohibited employment relationship with, affiliates of at least 15 RSM US audit clients subject to the Commission’s independence rules. The audit clients impacted included funds of eight registered investment advisers seeking to comply with the Custody Rule, the employee benefit plans of three public companies that filed reports with the Commission on Form 11-K, two broker-dealers, and two public companies. The prohibited non-audit services included corporate secretarial services, payment facilitation, payroll outsourcing, providing loaned staff, financial information system design or implementation, bookkeeping, internal audit

outsourcing, and investment adviser services. In each instance, the audit teams were unaware of the prohibited non-audit services or relationship.

12. RSM US did not detect or avoid these prohibited services and relationships, as certain procedures, training, and systems in place during the relevant period were insufficient to provide a reasonable assurance of independence in all required circumstances and adequately monitor for independence on an ongoing basis. For example, in relation to Client Central, engagement teams did not always uniformly enter client names, or properly complete entries such that affiliates were identified in the system. Additionally, some audit and consulting engagement teams failed to search Client Central adequately or understand search results generated. Consequently, certain non-audit services provided by RSM US to affiliates of audit clients were undetected for one or more years.

13. RSM US also did not detect that some consulting teams failed to complete the MRAM after it became required for new relationships or provided insufficient or inaccurate responses to MRAM questions regarding affiliate relationships and private equity ownership. Additionally, RSM US did not require consulting teams to complete an MRAM for every ongoing, multi-year consulting relationship and, prior to 2014, the MRAM did not prompt audit engagement teams to perform searches in Client Central to identify affiliate relationships. As a result, some instances of prohibited non-audit services provided by RSM US consulting teams to affiliates of RSM US audit clients were undetected by RSM US for multiple years.

14. For example, for fiscal years 2012 through 2014, RSM US was engaged to audit the financial statements of two private funds of Registered Investment Adviser A to satisfy the requirements of the Custody Rule. In late 2012, RSM US consulting personnel were engaged to provide prohibited financial software consulting services to one portfolio company of the funds; in 2013, to an additional portfolio company; and, in 2014, to a third portfolio company. These services were provided during 2013 and 2014. As noted above, prior to the requirement to complete the MRAM, the consulting teams were not required to search for audit services provided to affiliates of their clients. In 2014, the prohibited services were unrecognized because consulting personnel improperly entered their clients' names into Client Central and did not tag their clients as related to Registered Investment Adviser A. Additionally, two of the consulting teams failed to complete MRAMs, and the consulting team that did complete the MRAM inaccurately responded that its client was not majority owned by Registered Investment Adviser A. By failing to identify the prohibited non-audit services, RSM US issued audit reports for fiscal year end 2013 while not independent. RSM US identified the issue in early 2015 and did not issue audit reports for fiscal year end 2014.

15. Limitations with the GRT also led to instances in which RSM US did not identify prohibited non-audit services or prohibited relationships being provided to international affiliates of RSM US audit clients by RSMI member firms, leading RSM US personnel to conclude in 2013 that it was impossible for them to rely on the GRT as a tool for monitoring independence on an international scale. Because of RSM US's concerns about the lack of reliability of the information in the GRT, RSM US did not mandate GRT searches by its audit personnel until fiscal year-end 2014 audit engagements and, instead, required audit personnel to conduct inquiries of clients. Even after RSM US began mandating GRT searches in 2014, RSM US personnel, at times, did not perform necessary searches of GRT or properly follow-up on search results. Additionally, in

certain instances, RSMI member firms did not properly enter services in GRT. This led to a lack of detection of services provided by RSMI member firms to international affiliates of RSM US audit clients.

16. For example, in 2013 and 2014, RSM US served as the auditor of Company A, an issuer which was a portfolio company of a fund managed by Registered Investment Adviser B. RSM US did not audit the funds of Registered Investment Adviser B. In 2013, Registered Investment Adviser B purchased Company B, a non-issuer, and RSM US served as Company B's auditor. Unknown to the RSM US Company B audit engagement team, a tax partner from RSMI's Australian member firm had served as a non-discretionary board member on the board of Company B's Australian subsidiary since 2012, on a voluntary basis. This relationship was not identified in GRT. RSMI's Australian member firm, in turn, could not have identified RSM US's audit relationship with Company B and its affiliates because RSM US had not updated the GRT to reflect Registered Investment Adviser B's acquisition of Company B.

17. Company A filed financial statements with the Commission accompanied by RSM US's audit report stating that the audit was performed in accordance with PCAOB standards which require that RSM US be independent. For the fiscal year end 2013 audit, the audit teams for Companies A and B did not search the GRT. The services were identified in March 2015 by a RSM US non-audit professional during an engagement for Company B. By failing to identify this improper relationship, RSM US issued an audit report for Company A for fiscal year end 2013, and performed quarterly reviews for Company A in 2014 while not independent.

Violations

A. Violations of Rule 2-02(b)(1) of Regulation S-X

18. At the time of the relevant conduct, Rule 2-02(b)(1) of Regulation S-X provided that an accountant's report must state whether the audit was made in accordance with generally accepted auditing standards ("GAAS").⁵ PCAOB standards require that auditors maintain strict independence from SEC audit clients. *See* PCAOB Auditing Standards, *Independence*, AU § 220.02.⁶

19. As a result of the conduct described above, RSM US violated Rule 2-02(b)(1) of Regulation S-X. For fiscal years 2013 or 2014, two RSM US audit clients filed financial statements with the Commission on Form 10-K. For fiscal years 2013, 2014, or 2015, three RSM US employee benefit plan audit clients filed financial statements with the Commission on Form 11-K. The relevant financial statements included audit reports of RSM US or included consents and audit reports of RSM US as exhibits. Those reports incorrectly stated, "[w]e conducted our audits in accordance with the standards of the Public Company

⁵ Pursuant to Commission Release 33-8422, GAAS, as used in Regulation S-X, means "the standards of the PCAOB plus any applicable Commission rules." Audit reports dated on or after May 24, 2004 – the effective date of PCAOB Auditing Standard 1 – are required to state that they were performed in accordance with PCAOB standards. PCAOB rules and standards require auditors to be independent from their audit clients. *See, e.g.*, PCAOB Rule 3520, PCAOB Rule 3500T, and PCAOB AU § 220.

⁶ References to PCAOB standards are to those that were in effect at the time of the relevant conduct.

Accounting Oversight Board (United States),” because RSM US failed to comply with the independence rules during the relevant audit or professional engagement periods as required by PCAOB standards.

B. RSM US Caused Violations of Exchange Act Section 13(a) and Exchange Act Rules 13a-1 and 13a-13

20. Section 13(a) of the Exchange Act and Exchange Act Rule 13a-1 require issuers with equity securities registered under Section 12 to file annual reports with the Commission that have been audited by an independent public accountant. Exchange Act Rule 13a-13 requires public issuers with securities to file with the Commission accurate quarterly reports on Form 10-Q. Rule 10-01(d) of Regulation S-X requires the interim financial statements included in a Form 10-Q to be reviewed by an independent public accountant.

21. For fiscal years 2013 or 2014, two RSM US audit clients filed with the Commission annual reports on Form 10-K that included financial statements audited by RSM US or included consents and audit reports of RSM US as exhibits. For certain quarters in fiscal year 2014 or 2015, these RSM US audit clients also filed quarterly reports on Forms 10-Q reviewed by RSM US. However, RSM US violated the Commission’s independence rules during the relevant audit or professional engagement periods, and accordingly the filings did not comply with Commission requirements. As such, RSM US caused these audit clients to violate Section 13(a) of the Exchange Act and Exchange Act Rules 13a-1 and 13a-13.

C. RSM US Caused Violations of Exchange Act Section 15(d) and Exchange Act Rule 15d-1

22. Section 15(d) of the Exchange Act and Exchange Act Rule 15d-1 require, among other things, the filing of annual reports on Form 11-K with respect to employee stock purchase, savings and similar plans (collectively, “employee benefit plans”), interests in which constitute securities registered under the Securities Act of 1933. Form 11-K requires the inclusion of financial statements for the employee benefit plans audited by an independent public accountant.

23. For fiscal years 2013, 2014, or 2015, three RSM US employee benefit plan audit clients filed with the Commission annual reports on Form 11-K that included financial statements audited by RSM US. However, RSM US violated the independence rules during the relevant audit or professional engagement periods and accordingly, the filings did not comply with the Commission’s requirements. As such, RSM US caused these audit clients to violate Section 15(d) of the Exchange Act and Exchange Act Rule 15d-1.

D. RSM US Caused Violations of Exchange Act Section 17(a)(1) and Exchange Act Rule 17a-5

24. Section 17(a)(1) of the Exchange Act and Rule 17a-5 thereunder generally require broker-dealers to file annual reports containing financial statements audited by

independent public accountants that are registered with the PCAOB.⁷ Rule 17a-5(g) requires the accountant to prepare its reports in accordance with standards of the PCAOB. Rule 17a-5(i)(2)(i) requires the accountant's reports to state whether the examinations or review were made in accordance with PCAOB standards. For fiscal years 2013, 2014, or 2015, two RSM US broker-dealer audit clients filed with the Commission annual reports that included financial statements audited by RSM US. However, RSM US violated the independence rules during the relevant audit or professional engagement periods and, accordingly, the financial statements did not comply with the Commission's requirements. As such, these RSM US broker-dealer audit clients violated Section 17(a)(1) of the Exchange Act and Exchange Act Rule 17a-5, and RSM US was a cause of these violations. In particular, RSM US caused the broker-dealers to violate Exchange Act Rule 17a-5(i) by stating that its audits were conducted in accordance with GAAS and/or the standards of the PCAOB, as applicable during the relevant periods.⁸

E. RSM US Caused Violations of Investment Advisers Act Section 206(4) and Advisers Act Rule 206(4)-2

25. Registered investment advisers with custody of client assets are subject to the Custody Rule under Section 206(4) of the Investment Advisers Act of 1940 ("Advisers Act") and Advisers Act Rule 206(4)-2, which require certain steps intended to safeguard client assets.

26. Advisers to pooled investment vehicles can comply with the Custody Rule if, among other things, the pooled investment vehicle is audited at least annually by a PCAOB-registered independent public accountant that is subject to regular inspection by the PCAOB. *See* Rule 206(4)-2(b)(4).

27. To comply with the Custody Rule, for fiscal years 2013, 2014, 2015, or 2016, eight registered investment advisers engaged RSM US as an independent public accountant to audit annually the financial statements of certain funds. However, during these Custody Rule audits, RSM US was not independent. As such, RSM US caused eight registered investment adviser clients to violate Section 206(4) of the Advisers Act and Advisers Act Rule 206(4)-2.

F. Improper Professional Conduct

28. Rule 102(e)(1)(ii) of the Commission's Rules of Practice, as codified in Section 4C(a)(2) of the Exchange Act, allows the Commission to censure a person, or deny such person, temporarily or permanently, the privilege of appearing or practicing before the Commission, if it

⁷ 17 C.F.R. 240.17a-5(d) and (f)(1).

⁸ The provisions of Exchange Act Rule 17a-5 relevant here changed in 2013. On July 30, 2013, the Commission adopted amendments to Rule 17a-5. *See* Broker-Dealer Reports, SEC Exch. Act Rel. No. 34-70073 (July 30, 2013), 78 Fed. Reg. 51910 (Aug. 21, 2013). Among other things, the amendments require audits of brokers and dealers for fiscal years ending on or after June 1, 2014 to be performed in accordance with PCAOB standards, not "generally accepted auditing standards," or "GAAS," as the rule previously required. Although the amended language reflects the change to PCAOB auditing standards, this change does not otherwise affect an auditor's liability for inaccurately stating in an auditor's report that its audit was performed in accordance with applicable standards under Rule 17a-5(i). Additionally, the auditor independence requirement of Rule 2-01 of Regulation S-X applied to broker-dealer audits both before and after the July 30, 2013 amendments.

finds that such person has engaged in “improper professional conduct.” For accountants, the definition of “improper professional conduct” includes:

1. “intentional or knowing conduct, including reckless conduct, that results in a violation of applicable professional standards.” Exchange Act Section 4C(b)(1), Rule 102(e)(1)(iv)(A); or
2. Either of the following two types of negligent conduct:
 - (A) a single instance of highly unreasonable conduct that results in a violation of applicable professional standards in circumstances in which an accountant knows, or should know, that heightened scrutiny is warranted; or
 - (B) 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.⁹

Exchange Act Section 4C(b)(2).

29. As described above, during the relevant period RSM US failed to maintain an adequate independence quality control system. These failures resulted in repeated instances of unreasonable conduct in which RSM US violated the auditor independence rules. Consequently, RSM US engaged in improper professional conduct, as defined by Section 4C(a)(2) of the Exchange Act and Rule 102(e)(1)(ii) of the Commission’s Rules of Practice.

Findings

30. Based on the foregoing, the Commission finds that Respondent: (a) committed violations of Rule 2-02(b)(1) of Regulation S-X; (b) caused violations of Exchange Act Section 13(a) and Exchange Act Rules 13a-1 and 13a-13 by certain SEC registrant audit clients; (c) caused violations of Exchange Act Section 15(d) and Exchange Act Rule 15d-1 by certain SEC registrant audit clients; (d) caused violations of Advisers Act Section 206(4) and Advisers Act Rule 206(4)-2 by certain audit client funds of SEC registrants; (e) caused violations of Section 17(a)(1) and Rule 17a-5 of the Exchange Act by certain SEC registrant audit clients; and (f) engaged in improper professional conduct as defined by Exchange Act Section 4C(a)(2) and Rule 102(e)(1)(ii) of the Commission’s Rules of Practice.

Respondent’s Remedial Efforts

31. Since the time period at issue in this Order, Respondent has implemented remedial measures to enhance its existing policies, procedures, systems, and training over time regarding auditor independence including, among other things: (1) increasing training of audit and non-audit professionals regarding SEC independence rules and instituting targeted training

⁹ In October 1998, the Commission amended its definition of “improper professional conduct” to include these two negligence standards, noting that “a negligent auditor can do just as much harm to the Commission’s process as one who acts with an improper motive.” *See, Amendment to Rule 102(e) of the Commission’s Rules of Practice*, 63 Fed. Reg. 57,164, 57,167 (October 26, 1998) (codified at 17 C.F.R. Part 201).

for certain industries and non-audit professionals; (2) disciplining employees who failed to proactively identify independence violations; (3) augmenting pre-existing client acceptance and continuance procedures, including by adding redundant inquiry and search requirements beyond searching Client Central or GRT; (4) increasing personnel within the independence group in RSM US's National Office; and (5) implementing an enhanced risk assessment program with additional independence inquiries, and establishing a conflicts-check team to centralize the process of and aid in identifying professional services RSM US and other RSMI member firms provide to RSM US clients and their affiliates.

32. In determining to accept the Offer, the Commission considered the remedial acts undertaken by Respondent.

Undertakings

33. Respondent RSM US has undertaken to:
- a. Retain, at its own expense, an independent consultant (the "Independent Consultant"), not unacceptable to the staff of the Commission, within 120 days after the entry of this Order. The Independent Consultant will perform and complete a review and evaluation (the "Review"), with the assistance of RSM US, of the sufficiency and adequacy of RSM US's current quality controls ("RSM US's Policies") relating to educating and monitoring for compliance by its personnel with the independence requirements under PCAOB standards and Commission rules that prohibit the performance of certain non-audit services by RSM US or its associated entities to RSM US audit clients or their affiliates.
 - b. The Review shall be completed within 120 days of the retention of the Independent Consultant and shall assess the following areas to determine whether RSM US's Policies are adequate and sufficient to provide reasonable assurance of compliance with PCAOB and SEC independence rules concerning the provision of prohibited non-audit services by RSM US or its associated entities to RSM US audit clients or their affiliates:
 - (1) The sufficiency of personnel and expertise within RSM US's National Office of Independence, including with respect to independence issues related to private equity clients.
 - (2) The sufficiency of RSM US's independence quality controls to prevent and detect prohibited non-audit services, including monitoring systems designed to check conflicts and preventively consider independence issues across all RSM US and RSM US Wealth Management LLC engagements.
 - (3) The sufficiency of RSM US's independence guidance and training of personnel, including education regarding independence issues related to private equity clients and RSM US Wealth Management LLC clients.
 - c. Require the Independent Consultant to make recommendations for any necessary changes or improvements to RSM US's Policies.

- d. Provide a copy of the engagement letter within 14 days of the date of retention of the Independent Consultant detailing the Independent Consultant's responsibilities to the Commission staff.
- e. Cooperate fully with the Independent Consultant and provide the Independent Consultant with access to its own files, books, records, and personnel as reasonably requested for the Review. RSM US shall require the Independent Consultant to report to the Commission staff on their activities as the staff may request.
- f. Require that the Independent Consultant issue a report (the "Report"), within 60 days of completing the Review, summarizing the Review and reporting on the findings and any recommendations regarding RSM US's Policies. Simultaneously with providing the Report to RSM US, the Independent Consultant shall transmit a copy to Amy L. Friedman, Assistant Director, Division of Enforcement, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549, and to PCAOB staff in care of the Office of the Secretary, Attention Phoebe W. Brown, Secretary, Public Company Accounting Oversight Board, 1666 K Street NW, Washington, DC 20006.
- g. Devise a plan to adopt all recommendations in the Report within 120 days from the date the Report is issued; however, within 30 days after the Independent Consultant serves the Report, RSM US shall advise the Independent Consultant and the Commission, in writing of any recommendations that it considers unnecessary, unduly burdensome, impractical, or unjustifiably costly. With respect to any recommendation that RSM US considers unnecessary, unduly burdensome, impractical, or unjustifiably costly, RSM US need not adopt that recommendation at that time but shall propose in writing an alternative policy, procedure, or system designed to achieve the same objective or purpose. As to any recommendation on which RSM US and the Independent Consultant do not agree, such parties shall attempt in good faith to reach an agreement within 30 days after RSM US serves the written advice. In the event that RSM US and the Independent Consultant are unable to agree on an alternative proposal, RSM US will either abide by the determinations of the Independent Consultant or seek approval from the Commission staff pursuant to paragraph 33.i below to engage, at RSM US's expense, a qualified third party acceptable to the Commission staff to promptly resolve the issue(s).
- h. Require the Independent Consultant to enter into an agreement with RSM US that provides that, for the period of engagement and for a period of two (2) years from completion of the engagement, the Independent Consultant shall not enter into any employment, consultant, attorney-client, auditing, or other professional relationship with RSM US, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such. The agreement will also provide that the Independent Consultant will require that any firm with which he or she is affiliated or of which he or she is a member, and any person engaged to assist the Independent Consultant in performance of his or her duties under this

Order shall not, without prior written consent of the Securities and Exchange Commission's Division of Enforcement, enter into any employment, consultant, attorney-client, auditing, or other professional relationship with RSM US, or any of its present or former affiliates, directors, officers, employees, or agents acting in their capacity as such for the period of the engagement and for a period of two (2) years from completion of the engagement.

- i. To ensure the independence of the Independent Consultant, RSM US: (1) shall not have the authority to terminate the Independent Consultant or substitute another independent consultant for the initial Independent Consultant without the prior written approval of the Commission staff; and (2) shall compensate the Independent Consultant and persons engaged to assist the Independent Consultant for services rendered pursuant to this Order at their reasonable and customary rates.
- j. Within 150 days of issuance of the Report, RSM US's chief risk officer ("CRO") must certify to the Commission staff in writing that RSM US has adopted and has implemented or will implement all recommendations contained in the Report. To the extent that RSM US has not implemented all recommendations contained in the Report within 120 days of issuance of the Report, RSM US's CRO must certify to the Commission staff in writing, 30 days after their implementation, that RSM US has adopted and has implemented all recommendations contained in the Report. The certifications by RSM US'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 US agrees to provide such evidence. The certification and supporting material shall be submitted to (i) Amy L. Friedman, Assistant Director, Division of Enforcement at the address provided above, with a copy to the Office of Chief Counsel of the Enforcement Division; and (ii) PCAOB staff in care of the Office of the Secretary, Attention Phoebe W. Brown, Secretary, Public Company Accounting Oversight Board, 1666 K Street NW, Washington, DC 20006.
- k. For good cause shown, the Commission staff may extend any of the procedural dates set forth above. Deadlines for procedural dates shall be counted in calendar days, except if the last day falls on a weekend or federal holiday, the next business day shall be considered the last day.

34. 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.

35. These undertakings shall be binding upon any acquirer of or successor-in-interest to RSM US's audit practice.

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. Respondent shall cease and desist from committing or causing any violations and any future violations of Rule 2-02(b)(1) of Regulation S-X, Sections 13(a), 15(d), and 17(a)(1) of the Exchange Act, Exchange Act Rules 13a-1, 13a-13, 15d-1, and 17a-5, and Advisers Act Section 206(4) and Advisers Act Rule 206(4)-2.

B. Respondent is censured.

C. Respondent shall comply with the undertakings enumerated in paragraphs 33(a) – (k), above.

D. Respondent shall, within thirty (30) days of the entry of this Order, pay a civil money penalty of \$950,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury in accordance with Exchange Act Section 21F(g)(3). If timely payment is not made on the civil money penalties, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via [Pay.gov](https://www.pay.gov) through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying RSM US as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Carolyn M. Welshhans, Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

E. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any

award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Vanessa A. Countryman
Secretary