

## BrokerCheck Report

# ERNST & YOUNG CAPITAL ADVISORS, LLC

CRD# 152514

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When communicating online or investing with any professional, make sure you know who you're dealing with. [Imposters](#) might link to sites like BrokerCheck from [phishing](#) or similar scam websites, or through [social media](#), trying to steal your personal information or your money.

Please contact FINRA with any concerns.

## About BrokerCheck®

BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**

- BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.

- Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

- **Where did this information come from?**

- The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:
  - information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
  - information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

- Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.

- **What if I want to check the background of an investment adviser firm or investment adviser representative?**

- To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <https://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.

- **Are there other resources I can use to check the background of investment professionals?**

- FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

• **Thank you for using FINRA BrokerCheck.**



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at [brokercheck.finra.org](http://brokercheck.finra.org)



For additional information about the contents of this report, please refer to the User Guidance or [www.finra.org/brokercheck](http://www.finra.org/brokercheck). It provides a glossary of terms and a list of frequently asked questions, as well as additional resources. For more information about FINRA, visit [www.finra.org](http://www.finra.org).



## ERNST & YOUNG CAPITAL ADVISORS, LLC

CRD# 152514

SEC# 8-68461

### Main Office Location

ONE MANHATTAN WEST  
NEW YORK, NY 10001  
Regulated by FINRA New York Office

### Mailing Address

ONE MANHATTAN WEST  
NEW YORK, NY 10001

### Business Telephone Number

212-773-3000

## Report Summary for this Firm

This report summary provides an overview of the brokerage firm. Additional information for this firm can be found in the detailed report.

### Firm Profile

This firm is classified as a limited liability company.

This firm was formed in Delaware on 11/06/2009.

Its fiscal year ends in June.

### Firm History

Information relating to the brokerage firm's history such as other business names and successions (e.g., mergers, acquisitions) can be found in the detailed report.

### Firm Operations

**This firm is registered with:**

- the SEC
- 1 Self-Regulatory Organization
- 53 U.S. states and territories

Is this brokerage firm currently suspended with any regulator? **No**

This firm conducts 2 types of businesses.

This firm is affiliated with financial or investment institutions.

This firm does not have referral or financial arrangements with other brokers or dealers.

### Disclosure Events

Brokerage firms are required to disclose certain criminal matters, regulatory actions, civil judicial proceedings and financial matters in which the firm or one of its control affiliates has been involved.

Are there events disclosed about this firm? **No**

The number of disclosures from non-registered control affiliates is 35



## Firm Profile

This firm is classified as a limited liability company.

This firm was formed in Delaware on 11/06/2009.

Its fiscal year ends in June.

## Firm Names and Locations

This section provides the brokerage firm's full legal name, "Doing Business As" name, business and mailing addresses, telephone number, and any alternate name by which the firm conducts business and where such name is used.

### ERNST & YOUNG CAPITAL ADVISORS, LLC

Doing business as ERNST & YOUNG CAPITAL ADVISORS, LLC

**CRD#** 152514

**SEC#** 8-68461

### Main Office Location

ONE MANHATTAN WEST  
NEW YORK, NY 10001

Regulated by FINRA New York Office

### Mailing Address

ONE MANHATTAN WEST  
NEW YORK, NY 10001

### Business Telephone Number

212-773-3000



## Firm Profile

This section provides information relating to all direct owners and executive officers of the brokerage firm.

### Direct Owners and Executive Officers

**Legal Name & CRD# (if any):** EYCA HOLDINGS LLC

**Is this a domestic or foreign entity or an individual?** Domestic Entity

**Position** DIRECT OWNER

**Position Start Date** 11/2009

**Percentage of Ownership** 75% or more

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

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**Legal Name & CRD# (if any):** ARNOLIE, JENNIFER PICKARD  
7072219

**Is this a domestic or foreign entity or an individual?** Individual

**Position** DIRECTOR

**Position Start Date** 02/2019

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** No

**Is this a public reporting company?** No

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**Legal Name & CRD# (if any):** COSTA, SERGIO  
5746445

**Is this a domestic or foreign entity or an individual?** Individual

**Position** CHIEF COMPLIANCE OFFICER

**Position Start Date** 12/2016

## Firm Profile



### Direct Owners and Executive Officers (continued)

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** No

**Is this a public reporting company?** No

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**Legal Name & CRD# (if any):** JOHNSON, PUTRA L  
5025564

**Is this a domestic or foreign entity or an individual?** Individual

**Position** FINOP/OFFICER

**Position Start Date** 08/2024

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** No

**Is this a public reporting company?** No

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**Legal Name & CRD# (if any):** WOODBY, JOHN PATRICK  
2526475

**Is this a domestic or foreign entity or an individual?** Individual

**Position** PRESIDENT, CEO & CONTROL PERSON

**Position Start Date** 07/2019

**Percentage of Ownership** Less than 5%

**Does this owner direct the management or policies of the firm?** Yes

**Is this a public reporting company?** No

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## Firm Profile

This section provides information relating to any indirect owners of the brokerage firm.



### Indirect Owners

Legal Name & CRD# (if any):	ERNST & YOUNG U.S. LLP
Is this a domestic or foreign entity or an individual?	Domestic Entity
Company through which indirect ownership is established	EYCA HOLDINS LLC
Relationship to Direct Owner	MEMBER
Relationship Established	11/2009
Percentage of Ownership	75% or more
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

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## Firm History

This section provides information relating to any successions (e.g., mergers, acquisitions) involving the firm.

No information reported.





Firm Operations

Registrations

This section provides information about the regulators (Securities and Exchange Commission (SEC), self-regulatory organizations (SROs), and U.S. states and territories) with which the brokerage firm is currently registered and licensed, the date the license became effective, and certain information about the firm's SEC registration.

**This firm is currently registered with the SEC, 1 SRO and 53 U.S. states and territories.**

Federal Regulator	Status	Date Effective
SEC	Approved	07/16/2010

SEC Registration Questions

This firm is registered with the SEC as:

A broker-dealer:    Yes

A broker-dealer and government securities broker or dealer:    No

A government securities broker or dealer only:    No

This firm has ceased activity as a government securities broker or dealer:    No

Self-Regulatory Organization	Status	Date Effective
FINRA	Approved	07/16/2010



## Firm Operations

### Registrations (continued)

U.S. States & Territories	Status	Date Effective
Alabama	Approved	05/02/2011
Alaska	Approved	04/14/2011
Arizona	Approved	09/09/2010
Arkansas	Approved	03/03/2011
California	Approved	07/26/2010
Colorado	Approved	09/17/2010
Connecticut	Approved	09/14/2010
Delaware	Approved	05/04/2011
District of Columbia	Approved	09/10/2010
Florida	Approved	12/10/2010
Georgia	Approved	07/23/2010
Hawaii	Approved	04/15/2011
Idaho	Approved	04/14/2011
Illinois	Approved	07/22/2010
Indiana	Approved	09/08/2010
Iowa	Approved	09/02/2010
Kansas	Approved	05/17/2011
Kentucky	Approved	04/18/2011
Louisiana	Approved	04/18/2011
Maine	Approved	06/30/2011
Maryland	Approved	09/08/2010
Massachusetts	Approved	09/01/2010
Michigan	Approved	07/26/2010
Minnesota	Approved	08/25/2010
Mississippi	Approved	04/21/2011
Missouri	Approved	09/07/2010
Montana	Approved	04/27/2011
Nebraska	Approved	04/19/2011
Nevada	Approved	05/04/2011
New Hampshire	Approved	05/16/2011
New Jersey	Approved	09/24/2010
New Mexico	Approved	04/21/2011
New York	Approved	07/21/2010

U.S. States & Territories	Status	Date Effective
North Carolina	Approved	07/23/2010
North Dakota	Approved	04/18/2011
Ohio	Approved	09/02/2010
Oklahoma	Approved	09/10/2010
Oregon	Approved	04/18/2011
Pennsylvania	Approved	08/20/2010
Puerto Rico	Approved	09/01/2010
Rhode Island	Approved	04/18/2011
South Carolina	Approved	09/14/2010
South Dakota	Approved	04/15/2011
Tennessee	Approved	12/10/2010
Texas	Approved	07/22/2010
Utah	Approved	04/19/2011
Vermont	Approved	04/21/2011
Virgin Islands	Approved	04/26/2011
Virginia	Approved	08/25/2010
Washington	Approved	09/01/2010
West Virginia	Approved	09/20/2010
Wisconsin	Approved	08/23/2010
Wyoming	Approved	04/26/2011



## Firm Operations

### Types of Business

This section provides the types of business, including non-securities business, the brokerage firm is engaged in or expects to be engaged in.

**This firm currently conducts 2 types of businesses.**

#### Types of Business

##### Private placements of securities

Other - EYCA PROVIDES INVESTMENT BANKING, CORPORATE FINANCE CONSULTING AND OTHER ADVISORY SERVICES IN CONNECTION WITH BANKRUPTCIES, CORPORATE DEBT RESTRUCTURING ACTIVITIES, CORPORATE RESTRUCTURING TRANSACTIONS, MERGERS AND ACQUISITIONS, DEBT AND EQUITY PLACEMENTS AND OTHER CAPITAL STRUCTURE TRANSACTIONS. THE COMPANY MAY PROVIDE ADVICE IN CONNECTION WITH DEBT AND EQUITY SECURITIES OFFERINGS AND OTHER SECURITIES OR CAPITAL STRUCTURE TRANSACTIONS. THE COMPANY WILL NOT ENGAGE IN UNDERWRITING OF SECURITIES OFFERINGS.

#### Other Types of Business

This firm does not effect transactions in commodities, commodity futures, or commodity options.

This firm does not engage in other non-securities business.

Non-Securities Business Description:

## **Firm Operations**



### **Clearing Arrangements**

**This firm does not hold or maintain funds or securities or provide clearing services for other broker-dealer(s).**

### **Introducing Arrangements**

**This firm does not refer or introduce customers to other brokers and dealers.**

## Firm Operations

### Industry Arrangements



**This firm does have books or records maintained by a third party.**

**Name:** COMPLIANCE SCIENCE, INC.

**Business Address:** 875 AVENUE OF THE AMERICAS  
12TH FLOOR  
NEW YORK, NY 10001

**Effective Date:** 01/12/2016

**Description:** COMPLIANCE SCIENCE, INC. PROVIDES DIGITAL ARCHIVING OF PERSONAL TRADING-RELATED DATA AND CERTAIN COMPLIANCE-RELATED CERTIFICATIONS TO ERNST & YOUNG CAPITAL ADVISORS, LLC EFFECTIVE 01/12/2016.

**Name:** GLOBAL RELAY COMMUNICATIONS INC.

**Business Address:** 220 CAMBIE STREET  
2ND FLOOR  
VANCOUVER, CANADA V6B 2M9

**Effective Date:** 02/13/2015

**Description:** GLOBAL RELAY COMMUNICATIONS INC. PROVIDES DIGITAL ARCHIVING OF EMAILS AND CERTAIN OTHER ELECTRONIC COMMUNICATIONS TO ERNST & YOUNG CAPITAL ADVISORS, LLC.

**Name:** ERNST & YOUNG U.S. LLP

**Business Address:** 5 TIMES SQUARE  
NEW YORK, NY 10036

**Effective Date:** 07/16/2010

**Description:** ERNST & YOUNG U.S. LLP PROVIDES OPERATIONAL AND ADMINISTRATIVE SERVICES TO ERNST & YOUNG CAPITAL ADVISORS, LLC ("EYCA") AND IN THAT CAPACITY, MAINTAINS CERTAIN BOOKS AND RECORDS ON BEHALF OF EYCA.

**This firm does not have accounts, funds, or securities maintained by a third party.**

**This firm does not have customer accounts, funds, or securities maintained by a third party.**

### Control Persons/Financing

**This firm does not have individuals who control its management or policies through agreement.**

**This firm does not have individuals who wholly or partly finance the firm's business.**



## Firm Operations

### Organization Affiliates

This section provides information on control relationships the firm has with other firms in the securities, investment advisory, or banking business.

**This firm is, directly or indirectly:**

- in control of
  - controlled by
  - or under common control with
- the following partnerships, corporations, or other organizations engaged in the securities or investment advisory business.

**ERNST & YOUNG INVESTMENT ADVISERS LLP is under common control with the firm.**

<b>CRD #:</b>	110921
<b>Business Address:</b>	200 PLAZA DRIVE, SUITE 2222 SECAUCUS, NJ 07094
<b>Effective Date:</b>	11/06/2009
<b>Foreign Entity:</b>	No
<b>Country:</b>	
<b>Securities Activities:</b>	No
<b>Investment Advisory Activities:</b>	Yes
<b>Description:</b>	ERNST & YOUNG INVESTMENT ADVISORS LLP, A LIMITED LIABILITY PARTNERSHIP ORGANIZED UNDER THE LAWS OF THE STATE OF DELAWARE, IS UNDER THE CONTROL OF ERNST & YOUNG U.S. LLP., WHICH INDIRECTLY CONTROLS THE APPLICANT

**This firm is not directly or indirectly, controlled by the following:**

- bank holding company
- national bank
- state member bank of the Federal Reserve System
- state non-member bank
- savings bank or association
- credit union
- or foreign bank

Disclosure Events for Non-Registered Control Affiliates



All firms registered to sell securities or provide investment advice are required to disclose regulatory actions, criminal or civil judicial proceedings, and certain financial matters in which the firm or one of its control affiliates has been involved. For your convenience, below is a matrix of the number and status of disclosure events involving this brokerage firm or one of its control affiliates. Further information regarding these events can be found in the subsequent pages of this report.

	Pending	Final	On Appeal
Regulatory Event	0	35	0



## Disclosure Event Details

### Regulatory - Final

#### Disclosure 1 of 35

<b>Reporting Source:</b>	Firm
<b>Affiliate:</b>	ERNST & YOUNG LLP
<b>Current Status:</b>	Final
<b>Allegations:</b>	ON MAY 16, 2025, THE OKLAHOMA ACCOUNTANCY BOARD AND ERNST & YOUNG LLP ENTERED INTO AN ADMINISTRATIVE CONSENT ORDER BASED ON SEC ADMINISTRATIVE PROCEEDING FILE 3-20911.
<b>Initiated By:</b>	OKLAHOMA ACCOUNTANCY BOARD
<b>Date Initiated:</b>	05/16/2025
<b>Docket/Case Number:</b>	2514
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Settled
<b>Resolution Date:</b>	05/16/2025
<b>Sanctions Ordered:</b>	Monetary/Fine \$10,000.00 Suspension
<b>Other Sanctions Ordered:</b>	REIMBURSEMENT OF FEES AND COSTS
<b>Sanction Details:</b>	ON MAY 16, 2025, THE OKLAHOMA ACCOUNTANCY BOARD AND ERNST & YOUNG LLP ENTERED INTO AN ADMINISTRATIVE CONSENT ORDER BASED ON SEC ADMINISTRATIVE PROCEEDING FILE 3-20911. PURSUANT TO THE SETTLEMENT, EY WAS ORDERED TO PAY A \$10,000 FINE AND \$3,200 IN INVESTIGATIVE AND ATTORNEY'S FEES AND COSTS.
<b>Firm Statement</b>	THE FINAL ORDER WAS ENTERED INTO ON MAY 16, 2025. PURSUANT TO THE SETTLEMENT, EY WAS ORDERED TO PAY A \$10,000 FINE AND \$3,200 IN INVESTIGATIVE AND ATTORNEY'S FEES AND COSTS.

#### Disclosure 2 of 35



**Reporting Source:** Firm

**Affiliate:** ERNST & YOUNG LLP

**Current Status:** Final

**Allegations:** ON FEBRUARY 5, 2025, THE STATE OF MINNESOTA BOARD OF ACCOUNTANCY ADOPTED A CONSENT ORDER BASED ON SEC ADMINISTRATIVE PROCEEDING FILE 3-20911.

**Initiated By:** STATE OF MINNESOTA BOARD OF ACCOUNTANCY

**Date Initiated:** 02/05/2025

**Docket/Case Number:** 2023-014

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief Sought:** CENSURE

**Resolution:** Settled

**Resolution Date:** 02/05/2025

**Sanctions Ordered:** Censure  
Monetary/Fine \$100,000.00

**Other Sanctions Ordered:**

**Sanction Details:** ON FEBRUARY 5, 2025, THE STATE OF MINNESOTA BOARD OF ACCOUNTANCY ADOPTED A CONSENT ORDER BASED ON SEC ADMINISTRATIVE PROCEEDING FILE 3-20911. PURSUANT TO THE SETTLEMENT, EY WAS CENSURED AND PAID A \$100,000 FINE.

### Disclosure 3 of 35

**Reporting Source:** Firm

**Affiliate:** ERNST & YOUNG LLP

**Current Status:** Final

**Allegations:** ON NOVEMBER 13, 2024, THE NEVADA STATE BOARD OF ACCOUNTANCY ADOPTED A CONSENT ORDER BASED ON SEC ADMINISTRATIVE PROCEEDING FILE 3-20911.



**Initiated By:** NEVADA STATE BOARD OF ACCOUNTANCY

**Date Initiated:** 11/13/2024

**Docket/Case Number:**

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Suspension

**Other Sanction(s)/Relief Sought:** CIVIL PENALTY, REIMBURSEMENT OF FEES AND COSTS, CERTIFICATION OF COMPLIANCE WITH SEC ORDER

**Resolution:** Settled

**Resolution Date:** 11/13/2024

**Sanctions Ordered:** Monetary/Fine \$5,000.00  
Suspension

**Other Sanctions Ordered:** REIMBURSEMENT OF FEES AND COSTS, CERTIFICATION OF COMPLIANCE WITH SEC ORDER.

**Sanction Details:** ON NOVEMBER 13, 2024, THE NEVADA STATE BOARD OF ACCOUNTANCY ADOPTED A CONSENT ORDER BASED ON SEC ADMINISTRATIVE PROCEEDING FILE 3-20911. PURSUANT TO THE SETTLEMENT, EY'S LICENSE IN NEVADA WAS SUSPENDED FOR 30 DAYS, WITH THE SUSPENSION STAYED DURING A PROBATIONARY PERIOD UNTIL THE UNDERTAKINGS ORDERED BY THE SEC ARE COMPLETE AND ACCEPTED BY THE SEC. EY WAS ORDERED TO PAY A \$5,000 FINE AND \$12,582 IN INVESTIGATIVE AND ATTORNEY'S FEES AND COSTS AND TO PROVIDE ANNUAL CERTIFICATIONS OF COMPLIANCE WITH THE SEC'S ORDER.

#### Disclosure 4 of 35

**Reporting Source:** Firm

**Affiliate:** ERNST & YOUNG LLP

**Current Status:** Final

**Allegations:** ON OCTOBER 11, 2024, THE FLORIDA DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION, BOARD OF ACCOUNTANCY ADOPTED A SETTLEMENT STIPULATION BASED ON SEC ADMINISTRATIVE PROCEEDING FILE 3-20911.

**Initiated By:** FLORIDA DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION, BOARD OF ACCOUNTANCY



**Date Initiated:** 10/11/2024

**Docket/Case Number:** 2022-033626

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief Sought:** CENSURE, REPORT REQUIREMENT, INVESTIGATIVE COSTS

**Resolution:** Settled

**Resolution Date:** 10/11/2024

**Sanctions Ordered:** Censure  
Monetary/Fine \$10,000.00

**Other Sanctions Ordered:** REPORT REQUIREMENT, INVESTIGATIVE COSTS

**Sanction Details:** ON OCTOBER 11, 2024, THE FLORIDA DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION, BOARD OF ACCOUNTANCY ADOPTED A SETTLEMENT STIPULATION BASED ON SEC ADMINISTRATIVE PROCEEDING FILE 3-20911. PURSUANT TO THE SETTLEMENT, EY WAS REPRIMANDED AND ORDERED TO PAY A \$10,000 FINE AND \$202.28 IN INVESTIGATIVE COSTS. EY ALSO WAS REQUIRED TO REPORT ON THE EFFECTIVENESS OF CERTAIN POLICIES AND PROCEDURES.

#### Disclosure 5 of 35

**Reporting Source:** Firm

**Affiliate:** ERNST & YOUNG LLP

**Current Status:** Final

**Allegations:** ON OCTOBER 1, 2024, ERNST & YOUNG LLP RECEIVED AN ADMINISTRATIVE COMPLAINT PURSUANT TO INDIANA CODE § 25-1-7-7 AND IND. CODE CH. 4-21.5-3 FROM THE STATE OF INDIANA, OFFICE OF THE ATTORNEY GENERAL ON BEHALF OF THE INDIANA BOARD OF ACCOUNTANCY, RELATED TO SEC ADMINISTRATIVE PROCEEDING FILE 3-20911. ON APRIL 7, 2025, THE INDIANA BOARD OF ACCOUNTANCY ADOPTED A PROPOSED SETTLEMENT AGREEMENT BASED ON SEC ADMINISTRATIVE PROCEEDING FILE 3-20911.

**Initiated By:** STATE OF INDIANA, OFFICE OF THE ATTORNEY GENERAL ON BEHALF OF THE INDIANA BOARD OF ACCOUNTANCY

**Date Initiated:** 10/01/2024



<b>Docket/Case Number:</b>	202410-ACC-0008
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Reprimand
<b>Other Sanction(s)/Relief Sought:</b>	CIVIL PENALTY, FEE
<b>Resolution:</b>	Settled
<b>Resolution Date:</b>	04/07/2025
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$1,000.00
<b>Other Sanctions Ordered:</b>	LETTER OF REPRIMAND, FEE
<b>Sanction Details:</b>	ON APRIL 7, 2025, THE INDIANA BOARD OF ACCOUNTANCY ADOPTED A PROPOSED SETTLEMENT AGREEMENT BASED ON SEC ADMINISTRATIVE PROCEEDING FILE 3-20911. PURSUANT TO THE SETTLEMENT, EY RECEIVED A LETTER OF REPRIMAND AND WAS ORDERED TO PAY A \$1,000 CIVIL PENALTY AND \$5 FEE.
<b>Firm Statement</b>	THE FINAL ORDER WAS ENTERED INTO ON APRIL 7, 2025. PURSUANT TO THE SETTLEMENT, EY RECEIVED A LETTER OF REPRIMAND AND WAS ORDERED TO PAY A \$1,000 CIVIL PENALTY AND \$5 FEE.

#### Disclosure 6 of 35

<b>Reporting Source:</b>	Firm
<b>Affiliate:</b>	ERNST & YOUNG LLP
<b>Current Status:</b>	Final
<b>Allegations:</b>	ON JULY 2, 2024, THE CONNECTICUT DEPARTMENT OF CONSUMER PROTECTION, STATE BOARD OF ACCOUNTANCY AGREED TO A SETTLEMENT AGREEMENT WITH ERNST & YOUNG LLP BASED ON SEC ADMINISTRATIVE PROCEEDING FILE 3-20911.
<b>Initiated By:</b>	CONNECTICUT DEPARTMENT OF CONSUMER PROTECTION, STATE BOARD OF ACCOUNTANCY
<b>Date Initiated:</b>	07/02/2024
<b>Docket/Case Number:</b>	2022-81
<b>Principal Product Type:</b>	No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief Sought:** PROBATION; SUSPENSION OF LICENSE (STAYED)

**Resolution:** Settled

**Resolution Date:** 07/02/2024

**Sanctions Ordered:** Monetary/Fine \$164,000.00  
Suspension

**Other Sanctions Ordered:** PROBATION

**Sanction Details:** ON JULY 2, 2024, THE CONNECTICUT DEPARTMENT OF CONSUMER PROTECTION, STATE BOARD OF ACCOUNTANCY AGREED TO A SETTLEMENT AGREEMENT WITH ERNST & YOUNG LLP BASED ON SEC ADMINISTRATIVE PROCEEDING FILE 3-20911. PURSUANT TO THE SETTLEMENT, EY PAID SETTLEMENT FEE OF \$164,000, HAD ITS LICENSE SUSPENDED FOR 30 DAYS BUT WITH THE SUSPENSION STAYED, AND WAS PLACED ON PROBATION FOR TWO YEARS.

**Disclosure 7 of 35**

**Reporting Source:** Firm

**Affiliate:** ERNST & YOUNG LLP

**Current Status:** Final

**Allegations:** ON JUNE 11, 2024, THE NEW YORK STATE EDUCATION DEPARTMENT, OFFICE OF PROFESSIONAL DISCIPLINE, AND STATE BOARD OF ACCOUNTANCY ADOPTED A CONSENT ORDER BASED ON SEC ADMINISTRATIVE PROCEEDING FILE 3-20911.

**Initiated By:** NEW YORK STATE EDUCATION DEPARTMENT, OFFICE OF PROFESSIONAL DISCIPLINE, AND STATE BOARD OF ACCOUNTANCY

**Date Initiated:** 06/11/2024

**Docket/Case Number:** 34002

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)



<b>Other Sanction(s)/Relief Sought:</b>	CENSURE
<b>Resolution:</b>	Settled
<b>Resolution Date:</b>	06/11/2024
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$10,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	ON JUNE 11, 2024, THE NEW YORK STATE EDUCATION DEPARTMENT, OFFICE OF PROFESSIONAL DISCIPLINE, AND STATE BOARD OF ACCOUNTANCY ADOPTED A CONSENT ORDER BASED ON SEC ADMINISTRATIVE PROCEEDING FILE 3-20911. PURSUANT TO THE SETTLEMENT, EY WAS CENSURED AND PAID A \$10,000 FINE.

#### Disclosure 8 of 35

<b>Reporting Source:</b>	Firm
<b>Affiliate:</b>	ERNST & YOUNG LLP
<b>Current Status:</b>	Final
<b>Allegations:</b>	ON NOVEMBER 16, 2023, THE MISSISSIPPI STATE BOARD OF PUBLIC ACCOUNTANCY AGREED TO A CONSENT ORDER WITH ERNST & YOUNG LLP BASED ON SEC ADMINISTRATIVE PROCEEDING FILE 3-20911.
<b>Initiated By:</b>	MISSISSIPPI STATE BOARD OF PUBLIC ACCOUNTANCY
<b>Date Initiated:</b>	11/16/2023
<b>Docket/Case Number:</b>	2022.294, 2022.295, AND 2022.296
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Settled
<b>Resolution Date:</b>	11/16/2023
<b>Sanctions Ordered:</b>	Monetary/Fine \$15,000.00

**Other Sanctions Ordered:****Sanction Details:**

ON NOVEMBER 16, 2023, THE MISSISSIPPI STATE BOARD OF PUBLIC ACCOUNTANCY AGREED TO A CONSENT ORDER WITH ERNST & YOUNG LLP BASED ON SEC ADMINISTRATIVE PROCEEDING FILE 3-20911. PURSUANT TO THE SETTLEMENT, EY PAID AN ADMINISTRATIVE PENALTY OF \$15,000.

**Disclosure 9 of 35****Reporting Source:**

Firm

**Affiliate:**

ERNST &amp; YOUNG LLP

**Current Status:**

Final

**Allegations:**

EFFECTIVE NOVEMBER 9, 2023, THE TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY ADOPTED AN AGREED CONSENT ORDER BETWEEN ERNST & YOUNG LLP AND THE TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY BASED ON SEC ADMINISTRATIVE PROCEEDING FILE 3-20911.

**Initiated By:**

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

**Date Initiated:**

11/09/2023

**Docket/Case Number:**

22-12-06L

**Principal Product Type:**

No Product

**Other Product Type(s):****Principal Sanction(s)/Relief Sought:**

Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief Sought:****Resolution:**

Settled

**Resolution Date:**

11/09/2023

**Sanctions Ordered:**

Monetary/Fine \$3,000,000.00

**Other Sanctions Ordered:**

ADMINISTRATIVE COSTS OF \$4,171

**Sanction Details:**

EFFECTIVE NOVEMBER 9, 2023, THE TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY ADOPTED AN AGREED CONSENT ORDER BETWEEN ERNST & YOUNG LLP AND THE TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY BASED ON SEC ADMINISTRATIVE PROCEEDING FILE 3-20911. PURSUANT TO THE SETTLEMENT, EY PAID AN ADMINISTRATIVE PENALTY OF \$3,000,000 AND PAID \$4,171 IN COSTS.



## Disclosure 10 of 35

<b>Reporting Source:</b>	Firm
<b>Affiliate:</b>	ERNST & YOUNG LLP
<b>Current Status:</b>	Final
<b>Allegations:</b>	EFFECTIVE MARCH 6, 2023, THE CALIFORNIA BOARD OF ACCOUNTANCY ADOPTED A STIPULATED SETTLEMENT AND DISCIPLINARY ORDER BETWEEN ERNST & YOUNG LLP AND THE CALIFORNIA BOARD OF ACCOUNTANCY BASED ON SEC ADMINISTRATIVE PROCEEDING FILE 3-20911.
<b>Initiated By:</b>	CALIFORNIA BOARD OF ACCOUNTANCY
<b>Date Initiated:</b>	03/06/2023
<b>Docket/Case Number:</b>	AC-2023-13
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	THE FIRM'S CALIFORNIA CERTIFICATE WAS SUSPENDED FOR 30 DAYS BUT THE SUSPENSION WAS STAYED; THE FIRM IS ON PROBATION IN CALIFORNIA FOR 24 MONTHS, AGREED TO CERTAIN UNDERTAKINGS, PAID AN ADMINISTRATIVE PENALTY OF \$1,800,000 AND WILL REIMBURSE THE CALIFORNIA BOARD OF ACCOUNTANCY UP TO \$50,000 FOR ITS INVESTIGATION AND MONITORING DURING PROBATION.
<b>Resolution:</b>	Settled
<b>Resolution Date:</b>	03/06/2023
<b>Sanctions Ordered:</b>	Monetary/Fine \$1,800,000.00
<b>Other Sanctions Ordered:</b>	REIMBURSEMENT OF BOARD'S COSTS NOT TO EXCEED \$50,000
<b>Sanction Details:</b>	EFFECTIVE MARCH 6, 2023, THE CALIFORNIA BOARD OF ACCOUNTANCY ADOPTED A STIPULATED SETTLEMENT AND DISCIPLINARY ORDER BETWEEN ERNST & YOUNG LLP AND THE CALIFORNIA BOARD OF ACCOUNTANCY BASED ON SEC ADMINISTRATIVE PROCEEDING FILE 3-20911. PURSUANT TO THE SETTLEMENT, EY'S CALIFORNIA CERTIFICATE WAS SUSPENDED FOR 30 DAYS BUT THE SUSPENSION WAS STAYED; THE FIRM IS ON PROBATION IN CALIFORNIA FOR 24 MONTHS, EY AGREED TO CERTAIN UNDERTAKINGS, PAID AN ADMINISTRATIVE PENALTY OF



\$1,800,000 AND WILL REIMBURSE THE CALIFORNIA BOARD OF ACCOUNTANCY UP TO \$50,000 FOR ITS INVESTIGATION AND MONITORING DURING PROBATION.

#### Disclosure 11 of 35

<b>Reporting Source:</b>	Firm
<b>Affiliate:</b>	ERNST & YOUNG LLP
<b>Current Status:</b>	Final
<b>Allegations:</b>	ON NOVEMBER 9, 2022, THE COLORADO BOARD OF ACCOUNTANCY ISSUED A LETTER OF ADMONITION RELATED TO SEC ADMINISTRATIVE PROCEEDING FILE 3-20911, AND CLOSED ITS INVESTIGATION. EY ACCEPTED THE LETTER OF ADMONITION ON NOVEMBER 23, 2022. AS STATED IN THE LETTER, THE LETTER OF ADMONITION DOES NOT IMPACT EY'S ABILITY TO PRACTICE IN THE STATE OF COLORADO OR OTHERWISE.
<b>Initiated By:</b>	COLORADO BOARD OF ACCOUNTANCY
<b>Date Initiated:</b>	11/09/2022
<b>Docket/Case Number:</b>	2022-5642
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	LETTER OF ADMONITION
<b>Resolution:</b>	Other
<b>Resolution Date:</b>	11/23/2022
<b>Sanctions Ordered:</b>	
<b>Other Sanctions Ordered:</b>	LETTER OF ADMONITION
<b>Sanction Details:</b>	ON NOVEMBER 9, 2022, THE COLORADO BOARD OF ACCOUNTANCY ISSUED A LETTER OF ADMONITION RELATED TO SEC ADMINISTRATIVE PROCEEDING FILE 3-20911, AND CLOSED ITS INVESTIGATION. EY ACCEPTED THE LETTER OF ADMONITION ON NOVEMBER 23, 2022. AS STATED IN THE LETTER, THE LETTER OF ADMONITION DOES NOT IMPACT EY'S ABILITY TO PRACTICE IN THE STATE OF COLORADO OR OTHERWISE.



### Disclosure 12 of 35

<b>Reporting Source:</b>	Firm
<b>Affiliate:</b>	ERNST & YOUNG LLP
<b>Current Status:</b>	Final
<b>Allegations:</b>	ON AUGUST 2, 2023, THE STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA ISSUED AN AGREED CONSENT ORDER AS A FOLLOW-ON ACTION TO SEC ADMINISTRATIVE PROCEEDING FILE 3-20911.
<b>Initiated By:</b>	STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
<b>Date Initiated:</b>	08/02/2023
<b>Docket/Case Number:</b>	2022-52
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Reprimand
<b>Other Sanction(s)/Relief Sought:</b>	REPRIMAND, SUMMARY OF ALLEGED VIOLATIONS AND BOARD'S ACTION PUBLISHED IN THE NEWSLETTER FOR THE SOCIETY OF LOUISIANA CPAS AND ALSO FORWARDED TO ALL STATE BOARDS OF ACCOUNTANCY, CERTAIN CURRENT EMPLOYEES REQUIRED TO COMPLETE AN ADDITIONAL COURSE.
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	08/02/2023
<b>Sanctions Ordered:</b>	
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	ON AUGUST 2, 2023, THE STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA ISSUED AN AGREED CONSENT ORDER AS A FOLLOW-ON ACTION TO SEC ADMINISTRATIVE PROCEEDING FILE 3-20911. EY WAS REPRIMANDED, AND A SUMMARY OF THE ALLEGED VIOLATIONS AND THE BOARD'S ACTION WERE FORWARDED TO THE SOCIETY OF LOUISIANA CPAS FOR PUBLICATION IN THEIR NEWSLETTER, AND TO ALL STATE BOARDS OF ACCOUNTANCY. IN ADDITION, CERTAIN CURRENT EMPLOYEES ARE REQUIRED TO COMPLETE A SPECIFIED TRAINING COURSE.

### Disclosure 13 of 35

**Reporting Source:** Firm



<b>Affiliate:</b>	ERNST & YOUNG LLP
<b>Current Status:</b>	Final
<b>Allegations:</b>	ON JANUARY 23, 2023, THE NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS ISSUED AN AGREED CONSENT ORDER RELATED TO SEC ADMINISTRATIVE PROCEEDING FILE 3-20911. PURSUANT TO THE NORTH CAROLINA CONSENT ORDER, THE FIRM WAS CENSURED AND PAID A \$15,000 CIVIL MONEY PENALTY.
<b>Initiated By:</b>	NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
<b>Date Initiated:</b>	01/23/2023
<b>Docket/Case Number:</b>	C2022185
<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	\$15,000 CIVIL MONEY PENALTY
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	01/23/2023
<b>Sanctions Ordered:</b>	Monetary/Fine \$15,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	ON JANUARY 23, 2023, THE NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS ISSUED AN AGREED CONSENT ORDER RELATED TO SEC ADMINISTRATIVE PROCEEDING FILE 3-20911. PURSUANT TO THE NORTH CAROLINA CONSENT ORDER, THE FIRM WAS CENSURED AND PAID A \$15,000 CIVIL MONEY PENALTY.

#### Disclosure 14 of 35

<b>Reporting Source:</b>	Firm
<b>Affiliate:</b>	ERNST & YOUNG LLP
<b>Current Status:</b>	Final
<b>Allegations:</b>	ON SEPTEMBER 12, 2022, EY RECEIVED A FORMAL COMPLAINT PURSUANT TO OCCUPATIONAL CODE, MCL 339.101 ET SEQ. FROM THE STATE OF



MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS,  
BOARD OF ACCOUNTANCY, RELATED TO SEC ADMINISTRATIVE  
PROCEEDING FILE 3-20911.

**Initiated By:** STATE OF MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY  
AFFAIRS, BOARD OF ACCOUNTANCY.

**Date Initiated:** 09/12/2022

**Docket/Case Number:** 11-22-002342

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief  
Sought:** Civil and Administrative Penalt(ies) /Fine(s)

**Other Sanction(s)/Relief  
Sought:**

**Resolution:** Settled

**Resolution Date:** 01/26/2024

**Sanctions Ordered:** Censure  
Monetary/Fine \$10,000.00

**Other Sanctions Ordered:**

**Sanction Details:** ON JANUARY 26, 2024, THE MICHIGAN BOARD OF PUBLIC ACCOUNTANCY  
ENTERED INTO A CONSENT ORDER WITH ERNST & YOUNG LLP BASED ON  
SEC ADMINISTRATIVE PROCEEDING FILE 3-20911. PURSUANT TO THE  
SETTLEMENT, EY WAS CENSURED AND PAID A FINE OF \$10,000.

#### Disclosure 15 of 35

**Reporting Source:** Firm

**Affiliate:** ERNST & YOUNG LLP

**Current Status:** Final

**Allegations:** ON JULY 5, 2023, ERNST & YOUNG LLP ("EY") RECEIVED A STATEMENT OF  
CHARGES PURSUANT TO RCW 18.04.295 FROM THE WASHINGTON STATE  
BOARD OF ACCOUNTANCY, RELATED TO SEC ADMINISTRATIVE  
PROCEEDING FILE 3-20911.

**Initiated By:** WASHINGTON STATE BOARD OF ACCOUNTANCY

**Date Initiated:** 07/05/2023

**Docket/Case Number:** ACB-1556



<b>Principal Product Type:</b>	No Product
<b>Other Product Type(s):</b>	
<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	REIMBURSEMENT OF COSTS, DONATIONS, EDUCATION, ANNUAL CERTIFICATION
<b>Resolution:</b>	Settled
<b>Resolution Date:</b>	10/18/2024
<b>Sanctions Ordered:</b>	Monetary/Fine \$30,000.00
<b>Other Sanctions Ordered:</b>	REIMBURSEMENT OF COSTS, DONATIONS, EDUCATION, ANNUAL CERTIFICATION
<b>Sanction Details:</b>	ON OCTOBER 18, 2024, THE WASHINGTON STATE BOARD OF ACCOUNTANCY ADOPTED A CONSENT AGREEMENT AND AGREED ORDER BASED ON SEC ADMINISTRATIVE PROCEEDING FILE 3-20911. EY AGREED TO PAY A \$30,000 FINE, REIMBURSE \$5,000 IN INVESTIGATIVE AND LEGAL COSTS, MAKE A \$350,000 DONATION TO THE WASHINGTON CPA FOUNDATION, MAKE A \$20,000 DONATION TO THE WASHINGTON SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS, REQUIRE THE LEADERS OF EY'S WASHINGTON OFFICE TO COMPLETE CERTAIN CONTINUING PROFESSIONAL EDUCATION COURSES, AND ANNUALLY CERTIFY COMPLIANCE WITH THE REQUIREMENTS OF THE SEC ORDER ISSUED IN SEC PROCEEDING FILE 3-20911 THROUGH CALENDAR YEAR 2025.

#### Disclosure 16 of 35

<b>Reporting Source:</b>	Firm
<b>Affiliate:</b>	ERNST & YOUNG LLP
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN APRIL 2022, THE NORTH CAROLINA STATE BOARD OF CPA EXAMINERS APPROVED A CONSENT ORDERS WITH EY. IT RELATES TO SEC ADMINISTRATIVE PROCEEDING FILE NO. 3-20447, WHICH CONCERNED HOW EY BECAME A CLIENT'S INDEPENDENT AUDITOR BEGINNING IN FISCAL 2015. IN THE SEC MATTER, THE SEC FOUND THAT EY LACKED INDEPENDENCE FOR FISCAL 2015 ONLY. THE NORTH CAROLINA CONSENT ORDER STATES, "ALL OR SUBSTANTIALLY ALL OF THE CONDUCT OF CONCERN IDENTIFIED IN THE SEC ORDER OCCURRED IN NORTH CAROLINA[.]"



**Initiated By:** NORTH CAROLINA STATE BOARD OF CPA EXAMINERS  
**Date Initiated:** 04/13/2023  
**Docket/Case Number:** C2021141  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Censure  
**Other Sanction(s)/Relief Sought:** \$125,000 CIVIL MONEY PENALTY  
**Resolution:** Consent  
**Resolution Date:** 04/13/2023  
**Sanctions Ordered:** Monetary/Fine \$125,000.00  
**Other Sanctions Ordered:**  
**Sanction Details:** EY WAS CENSURED AND PAID \$125,000.

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#### Disclosure 17 of 35

**Reporting Source:** Firm  
**Affiliate:** ERNST & YOUNG LLP  
**Current Status:** Final  
**Allegations:** ON AUGUST 29, 2023, ERNST & YOUNG LLP AND THE TENNESSEE STATE BOARD OF ACCOUNTANCY ENTERED INTO A CONSENT ORDER RELATED TO SEC ADMINISTRATIVE PROCEEDING FILE 3-20911.  
**Initiated By:** TENNESSEE STATE BOARD OF ACCOUNTANCY  
**Date Initiated:** 08/29/2023  
**Docket/Case Number:** ACC-2022034981, ACC-2022034991  
**Principal Product Type:** No Product  
**Other Product Type(s):**  
**Principal Sanction(s)/Relief Sought:** Civil and Administrative Penalt(ies) /Fine(s)  
**Other Sanction(s)/Relief Sought:**



**Resolution:** Settled

**Resolution Date:** 08/29/2023

**Sanctions Ordered:** Monetary/Fine \$43,000.00

**Other Sanctions Ordered:**

**Sanction Details:** PURSUANT TO THE TENNESSEE CONSENT ORDER, THE FIRM PAID A \$43,000 CIVIL PENALTY.

#### Disclosure 18 of 35

**Reporting Source:** Firm

**Affiliate:** ERNST & YOUNG LLP

**Current Status:** Final

**Allegations:** ON JUNE 28, 2022, THE SEC ISSUED AN ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS AGAINST EY. THE ORDER REFERS TO INCIDENTS IN THE PAST OF INAPPROPRIATE AND UNACCEPTABLE ANSWER SHARING ON CPE TESTS AND, BY SOME INDIVIDUALS, ON ETHICS EXAMS REQUIRED BY SOME STATES. THE ORDER ALSO FINDS THAT EY FAILED TO UPDATE INFORMATION THAT WAS PROVIDED TO THE SEC IN RESPONSE TO A REQUEST MADE BY THE SEC IN JUNE 2019

**Initiated By:** U.S. SECURITIES AND EXCHANGE COMMISSION

**Date Initiated:** 06/28/2022

**Docket/Case Number:** FILE NO. 3-20911

**Principal Product Type:** No Product

**Other Product Type(s):**

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:** \$100 MILLION CIVIL MONEY PENALTY, UNDERTAKINGS SPECIFIED IN THE ORDER, AND AGREEMENT TO CEASE AND DESIST FROM VIOLATIONS

**Resolution:** Order

**Resolution Date:** 06/28/2022

**Sanctions Ordered:** Censure  
Monetary/Fine \$100,000,000.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:** UNDERTAKINGS



**Sanction Details:** THE SEC FOUND THAT EY VIOLATED PCAOB RULE 3500T, AND IMPOSED SANCTIONS UNDER EXCHANGE ACT SECTION 4(C)(A)(2) AND SEC RULE 102(E)(1)(II). EY AGREED TO CERTAIN UNDERTAKINGS AND PAID A \$100 MILLION CIVIL MONETARY PENALTY

#### Disclosure 19 of 35

**Reporting Source:** Firm

**Affiliate:** ERNST & YOUNG LLP

**Current Status:** Final

**Allegations:** THE ORDER RESULTS FROM AN INVESTIGATION OF CERTAIN CONDUCT DURING A 2014 REQUEST FOR PROPOSAL PROCESS TO SELECT THE INDEPENDENT AUDITOR OF AN SEC REGISTRANT. EY WAS APPOINTED INDEPENDENT AUDITOR BEGINNING WITH FISCAL YEAR 2015 AND SERVED IN THAT ROLE UNTIL AUGUST 2019. THE SEC FOUND THAT THE MANNER IN WHICH EY OBTAINED THE ENGAGEMENT CAUSED EY TO LACK INDEPENDENCE FROM THE CLIENT FOR FISCAL YEAR 2015 ONLY.

**Initiated By:** U.S. SECURITIES AND EXCHANGE COMMISSION

**Date Initiated:** 08/02/2021

**Docket/Case Number:** FILE NO. 3-20447

**Principal Product Type:** Other

**Other Product Type(s):** AUDIT SERVICES

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:** \$10 MILLION CIVIL MONEY PENALTY, UNDERTAKINGS SPECIFIED IN THE ORDER, AND AGREEMENT TO CEASE AND DESIST FROM VIOLATIONS.

**Resolution:** Decision & Order of Offer of Settlement

**Resolution Date:** 08/02/2021

**Sanctions Ordered:** Censure  
Monetary/Fine \$10,000,000.00  
Cease and Desist/Injunction

**Other Sanctions Ordered:** THREE CURRENT AND FORMER EY PARTNERS AGREED TO BE SUSPENDED FROM PRACTICING BEFORE THE SEC FOR THREE YEARS, TWO YEARS, AND ONE YEAR, RESPECTIVELY, WITH THE RIGHT TO APPLY FOR REINSTATEMENT AT THE END OF THOSE PERIODS; TO PAY CIVIL MONEY PENALTIES OF \$50,000, \$25,000, AND \$15,000, RESPECTIVELY; AND TO CEASE AND DESIST FROM FUTURE VIOLATIONS.



<b>Sanction Details:</b>	EY PAID THE \$10M CIVIL PENALTY ON AUGUST 6.
<b>Firm Statement</b>	THE ORDER INCLUDES NO ALLEGATIONS OF ERRORS IN THE CLIENT'S AUDITED FINANCIAL STATEMENTS, AND THOSE FINANCIAL STATEMENTS WERE NOT RESTATED. IN THE ORDER THE SEC CREDITED REMEDIAL EFFORTS THAT WERE UNDERTAKEN BY EY. EY NEITHER ADMITTED NOR DENIED THE FINDINGS IN THE ORDER.

#### Disclosure 20 of 35

<b>Reporting Source:</b>	Firm
<b>Affiliate:</b>	ERNST & YOUNG LLP
<b>Current Status:</b>	Final
<b>Allegations:</b>	ON JANUARY 24, 2020, THE CALIFORNIA BOARD OF ACCOUNTANCY ADOPTED A STIPULATED SETTLEMENT AND DISCIPLINARY ORDER BETWEEN ERNST & YOUNG LLP AND THE CALIFORNIA BOARD OF ACCOUNTANCY BASED ON SEC ADMINISTRATIVE PROCEEDING FILE NO. 3-17628 RELATING TO ERNST & YOUNG LLP'S 2007, 2008, AND 2009 AUDITS AND THE 2010 INTERIM REVIEWS OF WEATHERFORD INTERNATIONAL LTD'S FINANCIAL STATEMENTS.
<b>Initiated By:</b>	CALIFORNIA BOARD OF ACCOUNTANCY
<b>Date Initiated:</b>	01/13/2020
<b>Docket/Case Number:</b>	AC-2017-36
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	AUDIT SERVICES
<b>Principal Sanction(s)/Relief Sought:</b>	Other
<b>Other Sanction(s)/Relief Sought:</b>	THE FIRM'S CALIFORNIA CERTIFICATE IS SUSPENDED FOR 30 DAYS BUT THE SUSPENSION IS STAYED; THE FIRM IS ON PROBATION IN CALIFORNIA FOR 24 MONTHS, WILL PAY AN ADMINISTRATIVE PENALTY OF \$300,000 AND REIMBURSE THE CALIFORNIA BOARD OF ACCOUNTANCY UP TO \$25,000 FOR ITS INVESTIGATION AND MONITORING DURING PROBATION.
<b>Resolution:</b>	Settled
<b>Resolution Date:</b>	01/24/2020
<b>Sanctions Ordered:</b>	Monetary/Fine \$300,000.00 Suspension
<b>Other Sanctions Ordered:</b>	THE FIRM'S CALIFORNIA CERTIFICATE IS SUSPENDED FOR 30 DAYS BUT



THE SUSPENSION IS STAYED; THE FIRM IS ON PROBATION IN CALIFORNIA FOR 24 MONTHS, WILL PAY AN ADMINISTRATIVE PENALTY OF \$300,000 AND REIMBURSE THE CALIFORNIA BOARD OF ACCOUNTANCY UP TO \$25,000 FOR ITS INVESTIGATION AND MONITORING DURING PROBATION.

### Sanction Details:

#### Firm Statement

ON JANUARY 24, 2020, THE CALIFORNIA BOARD OF ACCOUNTANCY ADOPTED A STIPULATED SETTLEMENT AND DISCIPLINARY ORDER BETWEEN ERNST & YOUNG LLP AND THE CALIFORNIA BOARD OF ACCOUNTANCY BASED ON SEC ADMINISTRATIVE PROCEEDING FILE NO. 3-17628 RELATING TO ERNST & YOUNG LLP'S 2007, 2008, AND 2009 AUDITS AND THE 2010 INTERIM REVIEWS OF WEATHERFORD INTERNATIONAL LTD'S FINANCIAL STATEMENTS. PURSUANT TO THE STIPULATED SETTLEMENT AND DISCIPLINARY ORDER, ERNST & YOUNG LLP WAS PLACED ON PROBATION IN CALIFORNIA FOR 24 MONTHS, ORDERED TO PAY AN ADMINISTRATIVE PENALTY OF \$300,000, AND SHALL REIMBURSE THE CALIFORNIA BOARD OF ACCOUNTANCY AN AMOUNT UP TO \$25,000 FOR ITS INVESTIGATION AND MONITORING DURING THE PROBATIONARY PERIOD.

### Disclosure 21 of 35

**Reporting Source:** Firm

**Affiliate:** ERNST & YOUNG LLP

**Current Status:** Final

**Appealed To and Date Appeal Filed:** N/A

**Allegations:** ON SEPTEMBER 21, 2017, THE TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY ("TEXAS STATE BOARD") ISSUED A BOARD ORDER WHICH RATIFIED AND ADOPTED AN AGREED CONSENT ORDER BETWEEN ERNST & YOUNG LLP AND THE TEXAS STATE BOARD THAT FOUND ERNST & YOUNG LLP DID NOT COMPLY WITH GENERALLY ACCEPTED AUDITING STANDARDS IN ITS AUDIT OF THE FINANCIAL STATEMENTS FOR A TEXAS BASED PUBLIC COMPANY FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2010.

**Initiated By:** TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

**Date Initiated:** 09/21/2017

**Docket/Case Number:** BOARD COMPLAINT NO. 13-01-26L

**Principal Product Type:** Other

**Other Product Type(s):** AUDIT SERVICES



<b>Principal Sanction(s)/Relief Sought:</b>	Reprimand
<b>Other Sanction(s)/Relief Sought:</b>	ERNST & YOUNG LLP WAS REPRIMANDED AND ORDERED TO PAY AN ADMINISTRATIVE PENALTY OF \$100,000 AND ADMINISTRATIVE COSTS OF \$78,548.15.
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	09/21/2017
<b>Sanctions Ordered:</b>	Monetary/Fine \$178,548.15
<b>Other Sanctions Ordered:</b>	REPRIMAND
<b>Sanction Details:</b>	ERNST & YOUNG LLP WAS REPRIMANDED AND ORDERED TO PAY AN ADMINISTRATIVE PENALTY OF \$100,000 AND ADMINISTRATIVE COSTS OF \$78,548.15.
<b>Firm Statement</b>	ON SEPTEMBER 21, 2017, THE TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY ("TEXAS STATE BOARD") ISSUED A BOARD ORDER WHICH RATIFIED AND ADOPTED AN AGREED CONSENT ORDER BETWEEN ERNST & YOUNG LLP AND THE TEXAS STATE BOARD THAT FOUND ERNST & YOUNG LLP DID NOT COMPLY WITH GENERALLY ACCEPTED AUDITING STANDARDS IN ITS AUDIT OF THE FINANCIAL STATEMENTS FOR A TEXAS BASED PUBLIC COMPANY FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2010. ERNST & YOUNG LLP WAS REPRIMANDED AND ORDERED TO PAY AN ADMINISTRATIVE PENALTY OF \$100,000 AND ADMINISTRATIVE COSTS OF \$78,548.15.

#### Disclosure 22 of 35

<b>Reporting Source:</b>	Firm
<b>Affiliate:</b>	ERNST & YOUNG LLP
<b>Current Status:</b>	Final
<b>Allegations:</b>	ON MAY 18, 2017, THE TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY ("TEXAS STATE BOARD") ISSUED A BOARD ORDER WHICH RATIFIED AND ADOPTED AN AGREED CONSENT ORDER BETWEEN ERNST & YOUNG LLP AND THE TEXAS STATE BOARD BASED ON SEC ADMINISTRATIVE PROCEEDING FILE NO. 3-17628 RELATING TO ERNST & YOUNG LLP'S 2007, 2008 AND 2009 AUDITS AND THE 2010 INTERIM REVIEWS OF WEATHERFORD INTERNATIONAL LTD.'S FINANCIAL STATEMENTS.
<b>Initiated By:</b>	TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY
<b>Date Initiated:</b>	05/18/2017



<b>Docket/Case Number:</b>	BOARD COMPLAINT NO. 16-11-13L
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	AUDIT SERVICES
<b>Principal Sanction(s)/Relief Sought:</b>	Reprimand
<b>Other Sanction(s)/Relief Sought:</b>	ERNST & YOUNG LLP WAS REPRIMANDED AND ORDERED TO PAY AN ADMINISTRATIVE PENALTY OF \$300,000.
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	05/18/2017
<b>Sanctions Ordered:</b>	Monetary/Fine \$300,000.00
<b>Other Sanctions Ordered:</b>	REPRIMAND
<b>Sanction Details:</b>	ERNST & YOUNG LLP WAS REPRIMANDED AND ORDERED TO PAY AN ADMINISTRATIVE PENALTY OF \$300,000
<b>Firm Statement</b>	ON MAY 18, 2017, THE TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY ("TEXAS STATE BOARD") ISSUED A BOARD ORDER WHICH RATIFIED AND ADOPTED AN AGREED CONSENT ORDER BETWEEN ERNST & YOUNG LLP AND THE TEXAS STATE BOARD BASED ON SEC ADMINISTRATIVE PROCEEDING FILE NO. 3-17628 RELATING TO ERNST & YOUNG LLP'S 2007, 2008 AND 2009 AUDITS AND THE 2010 INTERIM REVIEWS OF WEATHERFORD INTERNATIONAL LTD.'S FINANCIAL STATEMENTS. PURSUANT TO THE BOARD ORDER, ERNST & YOUNG LLP WAS REPRIMANDED AND ORDERED TO PAY AN ADMINISTRATIVE PENALTY OF \$300,000.

#### Disclosure 23 of 35

<b>Reporting Source:</b>	Firm
<b>Affiliate:</b>	ERNST & YOUNG LLP
<b>Current Status:</b>	Final
<b>Allegations:</b>	ON OCTOBER 18, 2016, THE SEC ANNOUNCED A SETTLED ORDER INSTITUTING PUBLIC ADMINISTRATIVE AND CEASE AND DESIST PROCEEDINGS (THE "ORDER") AGAINST THE FIRM, AN EY AUDIT PARTNER AND A FORMER TAX PARTNER RELATING TO SERVICES FOR A FORMER AUDIT CLIENT. THE FORMER CLIENT WHICH IS IN THE OIL FIELD SERVICES INDUSTRY HAD FRAUDULENTLY RECORDED CERTAIN TAX ADJUSTMENTS IN 2007, 2008 AND 2009 AND THE FIRST THREE QUARTERS OF 2010 TO ARTIFICIALLY LOWER ITS EFFECTIVE TAX RATE AND MEET EARNINGS



ESTIMATES. EY NEITHER ADMITTED NOR DENIED THE SEC'S ALLEGATIONS. THE SEC'S ORDER STATES THAT EY DID NOT DETECT THE FRAUD AT THE COMPANY AND THAT EY'S 2007, 2008 AND 2009 AUDITS AND THE 2010 INTERIM REVIEWS OF THE COMPANY'S FINANCIAL STATEMENTS WERE NOT PERFORMED IN ACCORDANCE WITH PCAOB STANDARDS.

**Initiated By:** U.S. SECURITIES AND EXCHANGE COMMISSION

**Date Initiated:** 10/18/2016

**Docket/Case Number:** ADMINISTRATIVE PROCEEDING FILE NO. 3-17628

**Principal Product Type:** Other

**Other Product Type(s):** AUDIT SERVICES

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:** CEASE AND DESIST FROM FUTURE SECURITIES LAW VIOLATIONS, AGREEMENT TO PERFORM CERTAIN UNDERTAKINGS AND TO PAY THE SEC \$9,000,000 IN DISGORGEMENT, PREJUDGMENT INTEREST OF \$1,840,107, AND A PENALTY OF \$1,000,000 FOR A TOTAL OF \$11,840,107.

**Resolution:** Settled

**Resolution Date:** 10/18/2016

**Sanctions Ordered:** Censure  
Monetary/Fine \$11,840,107.00  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** PREJUDGMENT INTEREST

**Sanction Details:** EY AGREED TO BE CENSURED, TO CEASE AND DESIST FROM FUTURE SECURITIES LAW VIOLATIONS, TO CERTAIN UNDERTAKINGS AND TO PAY THE SEC \$9,000,000 IN DISGORGEMENT, PREJUDGMENT INTEREST OF \$1,840,107, AND A PENALTY OF \$1,000,000 FOR A TOTAL OF \$11,840,107.

**Firm Statement** ON OCTOBER 18, 2016, THE SEC ANNOUNCED A SETTLED ORDER INSTITUTING PUBLIC ADMINISTRATIVE AND CEASE AND DESIST PROCEEDINGS (THE "ORDER") AGAINST THE FIRM, AN EY AUDIT PARTNER AND A FORMER TAX PARTNER RELATING TO SERVICES FOR A FORMER AUDIT CLIENT. THE FORMER CLIENT WHICH IS IN THE OIL FIELD SERVICES INDUSTRY HAD FRAUDULENTLY RECORDED CERTAIN TAX ADJUSTMENTS IN 2007, 2008 AND 2009 AND THE FIRST THREE QUARTERS OF 2010 TO ARTIFICIALLY LOWER ITS EFFECTIVE TAX RATE AND MEET EARNINGS ESTIMATES. EY NEITHER ADMITTED NOR DENIED THE SEC'S ALLEGATIONS. THE SEC'S ORDER STATES THAT EY DID NOT DETECT THE FRAUD AT THE COMPANY AND THAT EY'S 2007, 2008 AND 2009 AUDITS AND



THE 2010 INTERIM REVIEWS OF THE COMPANY'S FINANCIAL STATEMENTS WERE NOT PERFORMED IN ACCORDANCE WITH PCAOB STANDARDS. EY AGREED TO BE CENSURED, TO CEASE AND DESIST FROM FUTURE SECURITIES LAW VIOLATIONS, TO CERTAIN UNDERTAKINGS AND TO PAY THE SEC \$9,000,000 IN DISGORGEMENT, PREJUDGMENT INTEREST OF \$1,840,107, AND A PENALTY OF \$1,000,000 FOR A TOTAL OF \$11,840,107. THE ORDER STATES THAT THE SEC CONSIDERED REMEDIAL EFFORTS THAT WERE UNDERTAKEN BY EY AND SIGNIFICANT COOPERATION PROVIDED TO THE COMMISSION STAFF BY EY. THE EY AUDIT PARTNER AND THE FORMER TAX PARTNER AGREED TO BE SUSPENDED FROM PRACTICING BEFORE THE SEC FOR TWO YEARS AND ONE YEAR, RESPECTIVELY, WITH THE RIGHT TO APPLY FOR REINSTATEMENT AT THE END OF THOSE PERIODS, AND TO CEASE AND DESIST FROM FURTHER VIOLATIONS.

#### Disclosure 24 of 35

<b>Reporting Source:</b>	Firm
<b>Affiliate:</b>	ERNST & YOUNG LLP
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE SEC ANNOUNCED A SETTLED CEASE AND DESIST ORDER AGAINST EY RELATING TO THE 2012 AND 2013 AUDITS OF AN ISSUER. THE FIRM AND TWO FORMER EY PARTNERS, ALONG WITH A CLIENT EXECUTIVE, WERE SANCTIONED AS A RESULT OF A HIGHLY INAPPROPRIATE ROMANTIC RELATIONSHIP BETWEEN THE EY COORDINATING PARTNER ON THE AUDIT AND THE CLIENT'S CHIEF ACCOUNTING OFFICER THAT CAUSED EY TO VIOLATE THE AUDITOR INDEPENDENCE RULES. THE INAPPROPRIATE RELATIONSHIP SPANNED FROM MARCH 2012 THROUGH JUNE 2014. AS A RESULT, EY CONCLUDED THAT THE RELATIONSHIP IMPAIRED THE APPEARANCE OF EY'S INDEPENDENCE, AND WITHDRAW ITS 2012 AND 2013 AUDIT REPORTS ON THE ISSUER'S FINANCIAL STATEMENTS AND ITS 2012 AND 2013 REPORTS ON THE EFFECTIVENESS OF THE ISSUER'S INTERNAL CONTROL OVER FINANCIAL REPORTING. EY ALSO INSTRUCTED THE ISSUER THAT NO RELIANCE COULD BE PLACED ON THE FIRST QUARTER 2014 REVIEW PROCEDURES. AFTER EY WITHDREW ITS AUDIT REPORTS, THE ISSUER HIRED ANOTHER INDEPENDENT AUDITOR TO RE-AUDIT THE 2012 AND 2013 FINANCIAL STATEMENTS. THE RE-AUDIT RESULTED IN NO ADJUSTMENTS OR CHANGES TO THE CONSOLIDATED FINANCIAL STATEMENTS OR RELATED NOTES FOR THE PERIODS PREVIOUSLY AUDITED BY EY. EY NEITHER ADMITTED NOR DENIED THE SEC'S ALLEGATIONS.
<b>Initiated By:</b>	U.S. SECURITIES AND EXCHANGE COMMISSION



**Date Initiated:** 09/19/2016

**Docket/Case Number:** ADMINISTRATIVE PROCEEDING FILE NO. 3-17553

**Principal Product Type:** Other

**Other Product Type(s):** AUDIT SERVICES

**Principal Sanction(s)/Relief Sought:** Cease and Desist

**Other Sanction(s)/Relief Sought:** CENSURE, A PAYMENT OF \$3,168,500 IN DISGORGED FEES, PREJUDGMENT INTEREST OF \$198,151 AND A PENALTY OF \$1,000,000 FOR A TOTAL OF \$4,366,651, AND AGREEMENT TO CEASE AND DESIST FROM FUTURE VIOLATIONS

**Resolution:** Settled

**Resolution Date:** 09/19/2016

**Sanctions Ordered:** Censure  
Monetary/Fine \$4,366,651.00  
Disgorgement/Restitution  
Cease and Desist/Injunction

**Other Sanctions Ordered:** PREJUDGMENT INTEREST

**Sanction Details:** EY'S SETTLEMENT INCLUDED A PAYMENT OF \$3,168,500 IN DISGORGED FEES, PREJUDGMENT INTEREST OF \$198,151 AND A PENALTY OF \$1,000,000 FOR A TOTAL OF \$4,366,651, CENSURE, AND AGREEMENT TO CEASE AND DESIST FROM FUTURE VIOLATIONS

**Firm Statement** IN THE MATTER OF ERNST & YOUNG LLP AND GREGORY S. BEDNAR, CPA, SECURITIES AND EXCHANGE COMMISSION, ADMINISTRATIVE PROCEEDING FILE NO. 3-17552. THE SEC ANNOUNCED A SETTLED CEASE AND DESIST ORDER AGAINST EY RELATING TO THE 2012 AND 2013 AUDITS OF AN ISSUER. THE FIRM AND TWO FORMER EY PARTNERS, ALONG WITH A CLIENT EXECUTIVE, WERE SANCTIONED AS A RESULT OF A HIGHLY INAPPROPRIATE ROMANTIC RELATIONSHIP BETWEEN THE EY COORDINATING PARTNER ON THE AUDIT AND THE CLIENT'S CHIEF ACCOUNTING OFFICER THAT CAUSED EY TO VIOLATE THE AUDITOR INDEPENDENCE RULES. THE INAPPROPRIATE RELATIONSHIP SPANNED FROM MARCH 2012 THROUGH JUNE 2014. AS A RESULT, EY CONCLUDED THAT THE RELATIONSHIP IMPAIRED THE APPEARANCE OF EY'S INDEPENDENCE, AND WITHDRAW ITS 2012 AND 2013 AUDIT REPORTS ON THE ISSUER'S FINANCIAL STATEMENTS AND ITS 2012 AND 2013 REPORTS ON THE EFFECTIVENESS OF THE ISSUER'S INTERNAL CONTROL OVER FINANCIAL REPORTING. EY ALSO INSTRUCTED THE ISSUER THAT NO RELIANCE COULD BE PLACED ON THE FIRST QUARTER 2014 REVIEW PROCEDURES. AFTER EY WITHDREW ITS AUDIT REPORTS, THE ISSUER



HIRED ANOTHER INDEPENDENT AUDITOR TO RE-AUDIT THE 2012 AND 2013 FINANCIAL STATEMENTS. THE RE-AUDIT RESULTED IN NO ADJUSTMENTS OR CHANGES TO THE CONSOLIDATED FINANCIAL STATEMENTS OR RELATED NOTES FOR THE PERIODS PREVIOUSLY AUDITED BY EY. EY NEITHER ADMITTED NOR DENIED THE SEC'S ALLEGATIONS. EY'S SETTLEMENT INCLUDED A PAYMENT OF \$3,168,500 IN DISGORGED FEES, PREJUDGMENT INTEREST OF \$198,151 AND A PENALTY OF \$1,000,000 FOR A TOTAL OF \$4,366,651, CENSURE, AND AGREEMENT TO CEASE AND DESIST FROM FUTURE VIOLATIONS. IN ACCEPTING EY'S OFFER OF SETTLEMENT THE SEC CONSIDERED ENHANCEMENTS TO EY'S ANNUAL AUDIT AND QUARTERLY REVIEW INDEPENDENCE POLICIES AND PROCEDURES, TRAINING, CONTROLS, AND REPORTING REGARDING CLOSE PERSONAL RELATIONSHIPS BETWEEN EY PROFESSIONALS AND AUDIT CLIENT EMPLOYEES AND THE IMPACT OF SUCH RELATIONSHIPS ON EY'S INDEPENDENCE.

#### Disclosure 25 of 35

<b>Reporting Source:</b>	Firm
<b>Affiliate:</b>	ERNST & YOUNG LLP
<b>Current Status:</b>	Final
<b>Allegations:</b>	IN THE MATTER OF ERNST & YOUNG LLP AND GREGORY S. BEDNAR, CPA, SECURITIES AND EXCHANGE COMMISSION, ADMINISTRATIVE PROCEEDING FILE NO. 3-17552. THE SEC ANNOUNCED A SETTLED CEASE AND DESIST ORDER AGAINST EY RELATING TO THE AUDITS OF AN ISSUER. THE FIRM AND A FORMER EY PARTNER WERE SANCTIONED AS A RESULT OF A HIGHLY INAPPROPRIATE CLOSE PERSONAL AND FAMILY RELATIONSHIPS BETWEEN THE FORMER EY PARTNER AND THE ISSUER'S FORMER CHIEF FINANCIAL OFFICER THAT CAUSED EY TO VIOLATE THE AUDITOR INDEPENDENCE RULES IN 2012, 2013, AND 2014. UNRELATED TO THE CLOSE PERSONAL RELATIONSHIPS, THE SEC ALSO ALLEGES THAT WITH RESPECT TO A SUBSIDIARY THAT THE ISSUER HAD ACQUIRED IN 2012, EY VIOLATED THE AUDITOR INDEPENDENCE RULES BY FAILING TO OBTAIN THE NECESSARY PRE-APPROVALS TO PERFORM CERTAIN NON-AUDIT SERVICES IN A TIMELY MANNER. EY WAS REPLACED AS INDEPENDENT AUDITOR FOR THE 2015 AUDIT. NEITHER THE SEC NOR THE SUBSEQUENT AUDITOR CHANGED THE ISSUER'S FINANCIAL REPORTING AND NO PRIOR FINANCIAL STATEMENTS WERE RETRACTED OR RESTATED. EY NEITHER ADMITTED NOR DENIED THE SEC'S ALLEGATIONS.
<b>Initiated By:</b>	U.S. SECURITIES AND EXCHANGE COMMISSION
<b>Date Initiated:</b>	09/19/2016



<b>Docket/Case Number:</b>	ADMINISTRATIVE PROCEEDING FILE NO. 3-17552
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	AUDIT SERVICES
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	CENSURE, A PAYMENT OF \$3,562,400 IN DISGORGED FEES, PREJUDGMENT INTEREST OF \$212,600 AND A PENALTY OF \$1,200,000, FOR A TOTAL OF \$4,975,000, AND AGREEMENT TO CEASE AND DESIST FROM FUTURE VIOLATIONS.
<b>Resolution:</b>	Settled
<b>Resolution Date:</b>	09/19/2016
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$4,975,000.00 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	PREJUDGMENT INTEREST
<b>Sanction Details:</b>	EY'S SETTLEMENT INCLUDED A PAYMENT OF \$3,562,400 IN DISGORGED FEES, PREJUDGMENT INTEREST OF \$212,600 AND A PENALTY OF \$1,200,000, FOR A TOTAL OF \$4,975,000, CENSURE, AND AGREEMENT TO CEASE AND DESIST FROM FUTURE VIOLATIONS.
<b>Firm Statement</b>	IN THE MATTER OF ERNST & YOUNG LLP AND GREGORY S. BEDNAR, CPA, SECURITIES AND EXCHANGE COMMISSION, ADMINISTRATIVE PROCEEDING FILE NO. 3-17552. THE SEC ANNOUNCED A SETTLED CEASE AND DESIST ORDER AGAINST EY RELATING TO THE AUDITS OF AN ISSUER. THE FIRM AND A FORMER EY PARTNER WERE SANCTIONED AS A RESULT OF A HIGHLY INAPPROPRIATE CLOSE PERSONAL AND FAMILY RELATIONSHIPS BETWEEN THE FORMER EY PARTNER AND THE ISSUER'S FORMER CHIEF FINANCIAL OFFICER THAT CAUSED EY TO VIOLATE THE AUDITOR INDEPENDENCE RULES IN 2012, 2013, AND 2014. UNRELATED TO THE CLOSE PERSONAL RELATIONSHIPS, THE SEC ALSO ALLEGES THAT WITH RESPECT TO A SUBSIDIARY THAT THE ISSUER HAD ACQUIRED IN 2012, EY VIOLATED THE AUDITOR INDEPENDENCE RULES BY FAILING TO OBTAIN THE NECESSARY PRE-APPROVALS TO PERFORM CERTAIN NON-AUDIT SERVICES IN A TIMELY MANNER. EY WAS REPLACED AS INDEPENDENT AUDITOR FOR THE 2015 AUDIT. NEITHER THE SEC NOR THE SUBSEQUENT AUDITOR CHANGED THE ISSUER'S FINANCIAL REPORTING AND NO PRIOR FINANCIAL STATEMENTS WERE RETRACTED OR RESTATED. EY NEITHER ADMITTED NOR DENIED THE SEC'S ALLEGATIONS. EY'S SETTLEMENT INCLUDED A PAYMENT OF \$3,562,400 IN DISGORGED FEES, PREJUDGMENT INTEREST OF \$212,600 AND A PENALTY OF



\$1,200,000, FOR A TOTAL OF \$4,975,000, CENSURE, AND AGREEMENT TO CEASE AND DESIST FROM FUTURE VIOLATIONS. IN ACCEPTING EY'S OFFER OF SETTLEMENT THE SEC CONSIDERED EY'S IMPROVED POLICIES, PROCEDURES, TRAINING, CONTROLS, AND REPORTING AROUND CLIENT ENTERTAINMENT AND RELATED EXPENSES. THE SEC ALSO CITED ENHANCEMENTS TO EY'S ANNUAL AUDIT AND QUARTERLY REVIEW INDEPENDENCE POLICIES AND PROCEDURES TO REQUIRE THAT EY AUDIT ENGAGEMENT TEAM MEMBERS INQUIRE ABOUT WHETHER MANAGEMENT OF AN AUDIT CLIENT OR AUDIT ENGAGEMENT TEAM MEMBERS ARE AWARE OF, AMONG OTHER THINGS, ANY CLOSE RELATIONSHIPS BETWEEN AN AUDIT ENGAGEMENT TEAM MEMBER OR ANY INDIVIDUALS EMPLOYED BY OR ASSOCIATED WITH THE AUDIT CLIENT; AND MAKE INQUIRIES CONCERNING FREQUENT ENTERTAINMENT OF AUDIT CLIENT EMPLOYEES OR THEIR FAMILY MEMBER; AND VACATIONS TAKEN BY EY EMPLOYEES AND AUDIT CLIENT EMPLOYEES OR THEIR FAMILY MEMBERS. THE SEC ALSO CONSIDERED THAT EY IS DEVELOPING AN INCREMENTAL PROGRAM TO MONITOR AND PERIODICALLY REVIEW THE INFORMATION OBTAINED THROUGH THE REVISED POLICIES AND PROCEDURES IN ORDER TO IDENTIFY AND ADDRESS POTENTIALLY PROBLEMATIC ACTIVITY.

#### Disclosure 26 of 35

<b>Reporting Source:</b>	Firm
<b>Affiliate:</b>	ERNST & YOUNG LLP
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE ALLEGATIONS, ARISING FROM CERTAIN LEGISLATIVE ADVISORY SERVICES PROVIDED BY WASHINGTON COUNCIL ERNST & YOUNG LLP TO TWO OF ERNST & YOUNG LLP'S SEC-REGISTRANT AUDIT CLIENTS, ASSERTED THAT THOSE SERVICES VIOLATED THE SEC'S INDEPENDENCE RULES.
<b>Initiated By:</b>	DIVISION OF OCCUPATIONAL AND PROFESSIONAL LICENSING OF THE DEPARTMENT OF COMMERCE OF THE STATE OF UTAH
<b>Date Initiated:</b>	09/30/2015
<b>Docket/Case Number:</b>	DOPL 2015-538
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	AUDIT SERVICES
<b>Principal Sanction(s)/Relief Sought:</b>	Reprimand



<b>Other Sanction(s)/Relief Sought:</b>	CEASE AND DESIST
<b>Resolution:</b>	Stipulation and Consent
<b>Resolution Date:</b>	09/30/2015
<b>Sanctions Ordered:</b>	Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	REPRIMAND
<b>Sanction Details:</b>	<p>ON SEPTEMBER 30, 2015, THE DIVISION OF OCCUPATIONAL AND PROFESSIONAL LICENSING OF THE DEPARTMENT OF COMMERCE OF THE STATE OF UTAH ENTERED INTO A STIPULATION AND ORDER WITH ERNST &amp; YOUNG LLP ARISING FROM THE SEC ORDER. PURSUANT TO THE ORDER, ERNST &amp; YOUNG LLP AGREED TO A PUBLIC REPRIMAND OF ITS LICENSE, AND AGREED TO CEASE AND DESIST FROM THE CONDUCT DESCRIBED IN THE SEC'S ORDER.</p>
<b>Firm Statement</b>	<p>ON JULY 14, 2014, THE SEC ANNOUNCED A SETTLED ORDER INSTITUTING PUBLIC ADMINISTRATIVE AND CEASE AND DESIST PROCEEDINGS (THE "ORDER") AGAINST ERNST &amp; YOUNG LLP RELATING TO LEGISLATIVE ADVISORY WORK THAT WAS PROVIDED TO TWO SEC REGISTRANT AUDIT CLIENTS OF THE FIRM. THE FIRM NEITHER ADMITTED NOR DENIED THE COMMISSION'S FINDINGS. THE ORDER SETS FORTH ISOLATED INSTANCES OCCURRING IN 2008 AND EARLIER THAT THE COMMISSION BELIEVED CONSTITUTED IMPERMISSIBLE ADVOCACY ON BEHALF OF THE CLIENTS. ERNST &amp; YOUNG LLP AGREED TO BE CENSURED AND TO CEASE AND DESIST FROM FUTURE VIOLATIONS OF AUDITOR INDEPENDENCE RULES. ERNST &amp; YOUNG LLP ALSO AGREED TO PAY THE SEC APPROXIMATELY \$4 MILLION IN A COMBINATION OF DISGORGEMENT OF FEES, PENALTIES AND INTEREST. THE ORDER INCLUDES NO ALLEGATIONS OF ERRORS IN THE TWO CLIENTS' FINANCIAL STATEMENTS OR A REQUIREMENT THAT THE FINANCIAL STATEMENTS BE RE-AUDITED.</p> <p>ON SEPTEMBER 30, 2015, THE DIVISION OF OCCUPATIONAL AND PROFESSIONAL LICENSING OF THE DEPARTMENT OF COMMERCE OF THE STATE OF UTAH ENTERED INTO A STIPULATION AND ORDER WITH ERNST &amp; YOUNG LLP ARISING FROM THE SEC ORDER. PURSUANT TO THE ORDER, ERNST &amp; YOUNG LLP AGREED TO A PUBLIC REPRIMAND OF ITS LICENSE, AND AGREED TO CEASE AND DESIST FROM THE CONDUCT DESCRIBED IN THE SEC'S ORDER.</p>

## Disclosure 27 of 35

**Reporting Source:** Firm



<b>Affiliate:</b>	ERNST & YOUNG LLP
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE ALLEGATIONS ASSERTED A FAILURE BY ERNST & YOUNG LLP TO COMPLY WITH CERTAIN PCAOB AUDITING STANDARDS IN CONNECTION WITH AUDITS OF THE FINANCIAL STATEMENTS OF MEDICIS PHARMACEUTICAL CORPORATION FOR 2005. 2006 AND 2007.
<b>Initiated By:</b>	DIVISION OF OCCUPATIONAL AND PROFESSIONAL LICENSING OF THE DEPARTMENT OF COMMERCE OF THE STATE OF UTAH
<b>Date Initiated:</b>	10/01/2014
<b>Docket/Case Number:</b>	DOPL 2014-545
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	AUDIT SERVICES
<b>Principal Sanction(s)/Relief Sought:</b>	Reprimand
<b>Other Sanction(s)/Relief Sought:</b>	CEASE AND DESIST
<b>Resolution:</b>	Stipulation and Consent
<b>Resolution Date:</b>	10/01/2014
<b>Sanctions Ordered:</b>	Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	REPRIMAND
<b>Sanction Details:</b>	ON OCTOBER 1, 2014, THE DIVISION OF OCCUPATIONAL AND PROFESSIONAL LICENSING OF THE DEPARTMENT OF COMMERCE OF THE STATE OF UTAH ENTERED INTO A STIPULATION AND ORDER WITH ERNST & YOUNG LLP ARISING FROM THE FEBRUARY 8, 2012 PCAOB SETTLED DISCIPLINARY ORDER AGAINST THE FIRM RELATING TO THE 2005 THROUGH 2007 AUDITS OF A CLIENT OF THE FIRM. PURSUANT TO THE STIPULATION AND ORDER, THE FIRM'S UTAH LICENSE WAS REPRIMANDED AND THE FIRM WAS ORDERED TO CEASE AND DESIST FROM THE CONDUCT DESCRIBED IN THE PCAOB ORDER.
<b>Firm Statement</b>	IN FEBRUARY 2012, THE PCAOB ANNOUNCED A SETTLED DISCIPLINARY ORDER AGAINST ERNST & YOUNG LLP RELATING TO THE 2005 THROUGH 2007 AUDITS OF MEDICIS PHARMACEUTICAL CORPORATION. ERNST & YOUNG LLP NEITHER ADMITTED NOR DENIED THE PCAOB'S ALLEGATIONS, NONE OF WHICH INVOLVED BAD INTENT OR RECKLESS MISCONDUCT BY ERNST & YOUNG LLP OR ANYONE AT ERNST & YOUNG LLP. THE PCAOB'S ORDER STATES THAT, DURING THE RELEVANT TIME PERIOD, ERNST & YOUNG LLP VIOLATED PCAOB RULES AND AUDITING STANDARDS IN



CONNECTION WITH MEDICIS'S ACCOUNTING FOR PRODUCT RETURNS. SPECIFICALLY, THE ORDER STATES THAT ERNST & YOUNG LLP FAILED TO EVALUATE PROPERLY MEDICIS'S PRACTICE OF RESERVING FOR MOST OF ITS ESTIMATED PRODUCT RETURNS AT THE REPLACEMENT COST OF THE PRODUCT, AS OPPOSED TO THE GROSS SALES PRICE. ERNST & YOUNG LLP'S SETTLEMENT INCLUDES A CENSURE AND A PAYMENT TO THE PCAOB OF \$2 MILLION. IN ADDITION TO THE ACTION AGAINST ERNST & YOUNG LLP, FOUR OF ITS CURRENT OR FORMER PARTNERS SETTLED CHARGES WITH THE PCAOB; THE INDIVIDUALS WERE NOT ALLEGED TO HAVE ACTED WITH BAD INTENT OR RECKLESSNESS.

ON OCTOBER 1, 2014, THE DIVISION OF OCCUPATIONAL AND PROFESSIONAL LICENSING OF THE DEPARTMENT OF COMMERCE OF THE STATE OF UTAH ENTERED INTO A STIPULATION AND ORDER WITH ERNST & YOUNG LLP ARISING FROM THE FEBRUARY 8, 2012 PCAOB SETTLED DISCIPLINARY ORDER AGAINST THE FIRM RELATING TO THE 2005 THROUGH 2007 AUDITS OF A CLIENT OF THE FIRM. PURSUANT TO THE STIPULATION AND ORDER, THE FIRM'S UTAH LICENSE WAS REPRIMANDED AND THE FIRM WAS ORDERED TO CEASE AND DESIST FROM THE CONDUCT DESCRIBED IN THE PCAOB ORDER.

#### Disclosure 28 of 35

<b>Reporting Source:</b>	Firm
<b>Affiliate:</b>	ERNST & YOUNG LLP
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE ALLEGATIONS ASSERTED A FAILURE BY ERNST & YOUNG LLP TO COMPLY WITH CERTAIN PCAOB AUDITING STANDARDS IN CONNECTION WITH AUDITS OF THE FINANCIAL STATEMENTS OF MEDICIS PHARMACEUTICAL CORPORATION FOR 2005, 2006 AND 2007. ADDITIONAL ALLEGATIONS AROSE FROM CERTAIN LEGISLATIVE ADVISORY SERVICES PROVIDED BY WASHINGTON COUNCIL ERNST & YOUNG LLP TO TWO OF ERNST & YOUNG LLP'S SEC-REGISTRANT AUDIT CLIENTS AND ASSERTED THAT THOSE SERVICES VIOLATED THE SEC'S INDEPENDENCE RULES.
<b>Initiated By:</b>	CALIFORNIA BOARD OF ACCOUNTANCY
<b>Date Initiated:</b>	07/16/2015
<b>Docket/Case Number:</b>	AC-2014-22
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	AUDIT SERVICES



<b>Principal Sanction(s)/Relief Sought:</b>	Civil and Administrative Penalt(ies) /Fine(s)
<b>Other Sanction(s)/Relief Sought:</b>	PROBATION
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	07/16/2015
<b>Sanctions Ordered:</b>	Monetary/Fine \$700,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	<p>ON JULY 30, 2015, THE CALIFORNIA BOARD OF ACCOUNTANCY (THE "BOARD") AND ERNST &amp; YOUNG LLP ENTERED INTO A STIPULATED SETTLEMENT AND DISCIPLINARY ORDER (THE "ORDER") ARISING FROM THE PCAOB ORDER, AND A SETTLED 2014 SEC ORDER. PURSUANT TO THE ORDER, ERNST &amp; YOUNG LLP'S CERTIFICATE ISSUED BY THE BOARD IS SUSPENDED FOR A PERIOD OF 30 DAYS BUT THE SUSPENSION IS STAYED, ERNST &amp; YOUNG LLP WAS PLACED ON PROBATION FOR EIGHTEEN MONTHS, ERNST &amp; YOUNG LLP PAID AN ADMINISTRATIVE PENALTY OF \$600,000 AND ERNST &amp; YOUNG LLP REIMBURSED THE BOARD A SUM NOT TO EXCEED \$100,000 FOR ITS INVESTIGATION OF THIS MATTER.</p>
<b>Firm Statement</b>	<p>IN FEBRUARY 2012, THE PCAOB ANNOUNCED A SETTLED DISCIPLINARY ORDER AGAINST ERNST &amp; YOUNG LLP RELATING TO THE 2005 THROUGH 2007 AUDITS OF MEDICIS PHARMACEUTICAL CORPORATION. ERNST &amp; YOUNG LLP NEITHER ADMITTED NOR DENIED THE PCAOB'S ALLEGATIONS, NONE OF WHICH INVOLVED BAD INTENT OR RECKLESS MISCONDUCT BY ERNST &amp; YOUNG LLP OR ANYONE AT ERNST &amp; YOUNG LLP. THE PCAOB'S ORDER STATES THAT, DURING THE RELEVANT TIME PERIOD, ERNST &amp; YOUNG LLP VIOLATED PCAOB RULES AND AUDITING STANDARDS IN CONNECTION WITH MEDICIS'S ACCOUNTING FOR PRODUCT RETURNS. SPECIFICALLY, THE ORDER STATES THAT ERNST &amp; YOUNG LLP FAILED TO EVALUATE PROPERLY MEDICIS'S PRACTICE OF RESERVING FOR MOST OF ITS ESTIMATED PRODUCT RETURNS AT THE REPLACEMENT COST OF THE PRODUCT, AS OPPOSED TO THE GROSS SALES PRICE. ERNST &amp; YOUNG LLP'S SETTLEMENT INCLUDES A CENSURE AND A PAYMENT TO THE PCAOB OF \$2 MILLION. IN ADDITION TO THE ACTION AGAINST ERNST &amp; YOUNG LLP, FOUR OF ITS CURRENT OR FORMER PARTNERS SETTLED CHARGES WITH THE PCAOB; THE INDIVIDUALS WERE NOT ALLEGED TO HAVE ACTED WITH BAD INTENT OR RECKLESSNESS.</p> <p>ON JULY 30, 2015, THE CALIFORNIA BOARD OF ACCOUNTANCY (THE "BOARD") AND ERNST &amp; YOUNG LLP ENTERED INTO A STIPULATED SETTLEMENT AND DISCIPLINARY ORDER (THE "ORDER") ARISING FROM</p>



THE PCAOB ORDER, AND A SETTLED 2014 SEC ORDER. PURSUANT TO THE ORDER, ERNST & YOUNG LLP'S CERTIFICATE ISSUED BY THE BOARD IS SUSPENDED FOR A PERIOD OF 30 DAYS BUT THE SUSPENSION IS STAYED, ERNST & YOUNG LLP WAS PLACED ON PROBATION FOR EIGHTEEN MONTHS, ERNST & YOUNG LLP PAID AN ADMINISTRATIVE PENALTY OF \$600,000 AND ERNST & YOUNG LLP REIMBURSED THE BOARD A SUM NOT TO EXCEED \$100,000 FOR ITS INVESTIGATION OF THIS MATTER.

#### Disclosure 29 of 35

<b>Reporting Source:</b>	Firm
<b>Affiliate:</b>	ERNST & YOUNG LLP
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE ALLEGATIONS ASSERTED A FAILURE BY ERNST & YOUNG LLP TO COMPLY WITH CERTAIN PCAOB AUDITING STANDARDS IN CONNECTION WITH AUDITS OF THE FINANCIAL STATEMENTS OF MEDICIS PHARMACEUTICAL CORPORATION FOR 2005. 2006 AND 2007.
<b>Initiated By:</b>	DELAWARE BOARD OF ACCOUNTANCY
<b>Date Initiated:</b>	10/31/2013
<b>Docket/Case Number:</b>	04-04-12
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	AUDIT SERVICES
<b>Principal Sanction(s)/Relief Sought:</b>	Reprimand
<b>Other Sanction(s)/Relief Sought:</b>	CIVIL AND ADMINISTRATIVE PENALT(IES)/FINE
<b>Resolution:</b>	Consent
<b>Resolution Date:</b>	05/21/2014
<b>Sanctions Ordered:</b>	Monetary/Fine \$5,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	ON MAY 21, 2014, THE DELAWARE BOARD OF ACCOUNTANCY ENTERED A CONSENT ORDER AGAINST ERNST & YOUNG LLP ARISING FROM THE FEBRUARY 8, 2012 PCAOB SETTLED DISCIPLINARY ORDER AGAINST THE FIRM RELATING TO THE 2005 THROUGH 2007 AUDITS OF A CLIENT OF THE FIRM. PURSUANT TO THE CONSENT ORDER WITH THE DELAWARE



BOARD, THE FIRM PAID A FINE OF \$5,000 AND WILL RECEIVE A LETTER OF REPRIMAND.

## Firm Statement

IN FEBRUARY 2012, THE PCAOB ANNOUNCED A SETTLED DISCIPLINARY ORDER AGAINST ERNST & YOUNG LLP RELATING TO THE 2005 THROUGH 2007 AUDITS OF MEDICIS PHARMACEUTICAL CORPORATION. ERNST & YOUNG LLP NEITHER ADMITTED NOR DENIED THE PCAOB'S ALLEGATIONS, NONE OF WHICH INVOLVED BAD INTENT OR RECKLESS MISCONDUCT BY ERNST & YOUNG LLP OR ANYONE AT ERNST & YOUNG LLP. THE PCAOB'S ORDER STATES THAT, DURING THE RELEVANT TIME PERIOD, ERNST & YOUNG LLP VIOLATED PCAOB RULES AND AUDITING STANDARDS IN CONNECTION WITH MEDICIS'S ACCOUNTING FOR PRODUCT RETURNS. SPECIFICALLY, THE ORDER STATES THAT ERNST & YOUNG LLP FAILED TO EVALUATE PROPERLY MEDICIS'S PRACTICE OF RESERVING FOR MOST OF ITS ESTIMATED PRODUCT RETURNS AT THE REPLACEMENT COST OF THE PRODUCT, AS OPPOSED TO THE GROSS SALES PRICE. ERNST & YOUNG LLP'S SETTLEMENT INCLUDES A CENSURE AND A PAYMENT TO THE PCAOB OF \$2 MILLION. IN ADDITION TO THE ACTION AGAINST ERNST & YOUNG LLP, FOUR OF ITS CURRENT OR FORMER PARTNERS SETTLED CHARGES WITH THE PCAOB; THE INDIVIDUALS WERE NOT ALLEGED TO HAVE ACTED WITH BAD INTENT OR RECKLESSNESS.

ON MAY 21, 2014, THE DELAWARE BOARD OF ACCOUNTANCY ENTERED A CONSENT ORDER AGAINST ERNST & YOUNG LLP ARISING FROM THE FEBRUARY 8, 2012 PCAOB SETTLED DISCIPLINARY ORDER AGAINST THE FIRM RELATING TO THE 2005 THROUGH 2007 AUDITS OF A CLIENT OF THE FIRM. PURSUANT TO THE CONSENT ORDER WITH THE DELAWARE BOARD, THE FIRM PAID A FINE OF \$5,000 AND WILL RECEIVE A LETTER OF REPRIMAND.

## Disclosure 30 of 35

<b>Reporting Source:</b>	Firm
<b>Affiliate:</b>	ERNST & YOUNG LLP
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE ALLEGATIONS ASSERTED A FAILURE BY ERNST & YOUNG LLP TO COMPLY WITH CERTAIN PCAOB AUDITING STANDARDS IN CONNECTION WITH AUDITS OF THE FINANCIAL STATEMENTS OF MEDICIS PHARMACEUTICAL CORPORATION FOR 2005. 2006 AND 2007.
<b>Initiated By:</b>	PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD (PCAOB)
<b>Date Initiated:</b>	03/08/2011
<b>Docket/Case Number:</b>	105-2012-001



<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	AUDIT SERVICES
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	CIVIL AND ADMINISTRATIVE PENALT(IES)/FINE
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	02/08/2012
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$2,000,000.00
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	ERNST & YOUNG LLP'S SETTLEMENT INCLUDES A CENSURE AND A PAYMENT TO THE PCAOB OF \$2 MILLION. IN ADDITION TO THE ACTION AGAINST ERNST & YOUNG LLP, FOUR OF ITS CURRENT OR FORMER PARTNERS SETTLED CHARGES WITH THE PCAOB; THE INDIVIDUALS WERE NOT ALLEGED TO HAVE ACTED WITH BAD INTENT OR RECKLESSNESS.
<b>Firm Statement</b>	IN FEBRUARY 2012, THE PCAOB ANNOUNCED A SETTLED DISCIPLINARY ORDER AGAINST ERNST & YOUNG LLP RELATING TO THE 2005 THROUGH 2007 AUDITS OF MEDICIS PHARMACEUTICAL CORPORATION. ERNST & YOUNG LLP NEITHER ADMITTED NOR DENIED THE PCAOB'S ALLEGATIONS, NONE OF WHICH INVOLVED BAD INTENT OR RECKLESS MISCONDUCT BY ERNST & YOUNG LLP OR ANYONE AT ERNST & YOUNG LLP. THE PCAOB'S ORDER STATES THAT, DURING THE RELEVANT TIME PERIOD, ERNST & YOUNG LLP VIOLATED PCAOB RULES AND AUDITING STANDARDS IN CONNECTION WITH MEDICIS'S ACCOUNTING FOR PRODUCT RETURNS. SPECIFICALLY, THE ORDER STATES THAT ERNST & YOUNG LLP FAILED TO EVALUATE PROPERLY MEDICIS'S PRACTICE OF RESERVING FOR MOST OF ITS ESTIMATED PRODUCT RETURNS AT THE REPLACEMENT COST OF THE PRODUCT, AS OPPOSED TO THE GROSS SALES PRICE. ERNST & YOUNG LLP'S SETTLEMENT INCLUDES A CENSURE AND A PAYMENT TO THE PCAOB OF \$2 MILLION. IN ADDITION TO THE ACTION AGAINST ERNST & YOUNG LLP, FOUR OF ITS CURRENT OR FORMER PARTNERS SETTLED CHARGES WITH THE PCAOB; THE INDIVIDUALS WERE NOT ALLEGED TO HAVE ACTED WITH BAD INTENT OR RECKLESSNESS.

#### Disclosure 31 of 35

<b>Reporting Source:</b>	Firm
<b>Affiliate:</b>	ERNST & YOUNG LLP



<b>Current Status:</b>	Final
<b>Allegations:</b>	THE ALLEGATIONS, ARISING FROM CERTAIN LEGISLATIVE ADVISORY SERVICES PROVIDED BY WASHINGTON COUNCIL ERNST & YOUNG LLP TO TWO OF ERNST & YOUNG LLP'S SEC-REGISTRANT AUDIT CLIENTS, ASSERTED THAT THOSE SERVICES VIOLATED THE SEC'S INDEPENDENCE RULES.
<b>Initiated By:</b>	U.S. SECURITIES AND EXCHANGE COMMISSION
<b>Date Initiated:</b>	07/14/2014
<b>Docket/Case Number:</b>	3-15970
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	AUDIT SERVICES
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	CENSURE; DISGORGEMENT; CIVIL AND ADMINISTRATIVE PENALTIES)/FINE
<b>Resolution:</b>	Order
<b>Resolution Date:</b>	07/14/2014
<b>Sanctions Ordered:</b>	Censure Monetary/Fine \$4,071,925.98 Disgorgement/Restitution Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	ERNST & YOUNG LLP AGREED TO BE CENSURED AND TO CEASE AND DESIST FROM FUTURE VIOLATIONS OF AUDITOR INDEPENDENCE RULES. ERNST & YOUNG LLP ALSO AGREED TO PAY THE SEC \$4,071,925.98 IN A COMBINATION OF DISGORGEMENT OF FEES, PENALTIES AND INTEREST. THE ORDER INCLUDES NO ALLEGATIONS OF ERRORS IN THE TWO CLIENTS' FINANCIAL STATEMENTS OR A REQUIREMENT THAT THE FINANCIAL STATEMENTS BE RE-AUDITED.
<b>Firm Statement</b>	ON JULY 14, 2014, THE SEC ANNOUNCED A SETTLED ORDER INSTITUTING PUBLIC ADMINISTRATIVE AND CEASE AND DESIST PROCEEDINGS (THE "ORDER") AGAINST ERNST & YOUNG LLP RELATING TO LEGISLATIVE ADVISORY WORK THAT WAS PROVIDED TO TWO SEC REGISTRANT AUDIT CLIENTS OF THE FIRM. THE FIRM NEITHER ADMITTED NOR DENIED THE COMMISSION'S FINDINGS. THE ORDER SETS FORTH ISOLATED INSTANCES OCCURRING IN 2008 AND EARLIER THAT THE COMMISSION BELIEVED CONSTITUTED IMPERMISSIBLE ADVOCACY ON BEHALF OF THE



CLIENTS. ERNST & YOUNG LLP AGREED TO BE CENSURED AND TO CEASE AND DESIST FROM FUTURE VIOLATIONS OF AUDITOR INDEPENDENCE RULES. ERNST & YOUNG LLP ALSO AGREED TO PAY THE SEC \$4,071,925.98 IN A COMBINATION OF DISGORGEMENT OF FEES, PENALTIES AND INTEREST. THE ORDER INCLUDES NO ALLEGATIONS OF ERRORS IN THE TWO CLIENTS' FINANCIAL STATEMENTS OR A REQUIREMENT THAT THE FINANCIAL STATEMENTS BE RE-AUDITED.

## Disclosure 32 of 35

<b>Reporting Source:</b>	Firm
<b>Affiliate:</b>	ERNST & YOUNG LLP
<b>Current Status:</b>	Final
<b>Allegations:</b>	<p>ACCORDING TO THE SEC'S ALLEGATIONS, THIS MATTER INVOLVED VIOLATIONS OF THE FEDERAL SECURITIES LAWS BY ERNST &amp; YOUNG LLP WHILE SERVING AS PUBLIC AUDITOR FOR BALLY TOTAL FITNESS HOLDING CORPORATION ("BALLY") FROM 2001 THROUGH 2004. IN CONNECTION WITH BALLY'S 2001-2003 FINANCIAL STATEMENTS, BALLY ENGAGED IN FRAUDULENT FINANCIAL ACCOUNTING, WHICH OVERSTATED INCOME AND INFLATED STOCKHOLDERS' EQUITY. BALLY ALSO MADE FALSE AND MISLEADING DISCLOSURES REGARDING A \$55 MILLION SPECIAL CHARGE IN ITS 2002 FORM 10-K. THE SEC FURTHER ALLEGED THAT NOTWITHSTANDING THAT ERNST &amp; YOUNG LLP KNEW OR SHOULD HAVE KNOWN OF BALLY'S FRAUDULENT FINANCIAL ACCOUNTING AND FALSE AND MISLEADING DISCLOSURES, IT ISSUED UNQUALIFIED AUDIT OPINIONS REGARDING BALLY'S 2001-2003 FINANCIAL STATEMENTS, WHICH STATED THAT ERNST &amp; YOUNG LLP HAD CONDUCTED ITS AUDITS IN ACCORDANCE WITH AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES ("GAAS") AND THAT BALLY'S FINANCIAL STATEMENTS WERE PRESENTED IN CONFORMITY WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES ("GAAP"). ACCORDING TO THE SEC'S ALLEGATIONS, CONTRARY TO THE AUDIT OPINIONS, ERNST &amp; YOUNG LLP'S AUDITS OF BALLY'S FINANCIAL STATEMENTS WERE NOT PERFORMED IN ACCORDANCE WITH GAAS AND BALLY'S FINANCIAL STATEMENTS WERE NOT IN CONFORMITY WITH GAAP. THE SEC FOUND THAT BY ISSUING THESE FALSE AND MISLEADING AUDIT OPINIONS, ERNST &amp; YOUNG LLP WAS A CAUSE OF AND AIDED AND ABETTED BALLY'S VIOLATIONS OF SECTIONS 17(A)(2) AND (3) OF THE SECURITIES ACT OF 1933 AND SECTIONS 13(A) AND (B)(2)(A) OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AND EXCHANGE ACT RULES 12B-20, 13A-1, 13 A-11, AND 13 A-13, AND THAT ERNST &amp; YOUNG LLP ALSO VIOLATED SECTION 10A OF THE EXCHANGE ACT BY NOT BRINGING TO THE ATTENTION OF BALLY'S AUDIT COMMITTEE BALLY'S FALSE AND</p>



MISLEADING DISCLOSURES OF THE \$55 MILLION SPECIAL CHARGE.

**Initiated By:** U.S. SECURITIES AND EXCHANGE COMMISSION

**Date Initiated:** 12/17/2009

**Docket/Case Number:** ADMINISTRATIVE PROCEEDING FILE NO. 3-13725

**Principal Product Type:** Other

**Other Product Type(s):** AUDIT SERVICES

**Principal Sanction(s)/Relief Sought:** Cease and Desist

**Other Sanction(s)/Relief Sought:** CENSURE, UNDERTAKING, AND PAYMENT IN THE NATURE OF A PENALTY. ERNST & YOUNG LLP AGREED TO MAKE, AND HAS MADE, A PAYMENT IN THE NATURE OF A PENALTY OF \$8.5 MILLION TO THE UNITED STATES TREASURY.

**Resolution:** Order

**Resolution Date:** 12/17/2009

**Sanctions Ordered:** Censure  
Cease and Desist/Injunction

**Other Sanctions Ordered:** E&Y LLP ALSO WAS ORDERED TO COMPLY WITH UNDERTAKINGS REQUIRING THAT IT REVIEW AND REVISE AS NECESSARY ITS EXISTING POLICIES AND PROCEDURES OR ADOPT AND IMPLEMENT NEW POLICIES AND PROCEDURES IN THE FOLLOWING AREAS CONCERNING AUDITING MATTERS: (1) NATIONAL OFFICE CONSULTATIONS, (2) HIGH RISK CLIENTS, (3) PREFERABILITY LETTERS, (4) DOCUMENTATION OF CONSULTATIONS, (5) DISAGREEMENTS AND REPORTABLE EVENTS, AND (6) DETECTION AND REPORTING OF ILLEGAL CLIENT ACTIVITY. E&Y LLP'S CHAIRMAN MUST CERTIFY THE FIRM'S COMPLIANCE WITH THE AUDIT-RELATED UNDERTAKINGS AND E&Y LLP MUST RETAIN AN INDEPENDENT CONSULTANT TO ASSESS AND PREPARE A WRITTEN REPORT REGARDING THE FIRM'S COMPLIANCE WITH THE AUDIT-RELATED UNDERTAKINGS AND THE EFFECTIVENESS OF THE UNDERTAKINGS IN ACHIEVING THEIR STATED GOALS.

**Sanction Details:** E&Y LLP ALSO UNDERTOOK TO (I) MAKE A PAYMENT OF \$8.5 MILLION IN THE NATURE OF A PENALTY TO THE UNITED STATES TREASURY AND (II) COOPERATE FULLY WITH THE COMMISSION'S INVESTIGATION OF BALLY AND ANY LITIGATION OR PROCEEDING RESULTING THEREFROM.

**Sanction Details:** ERNST & YOUNG LLP UNDERTOOK TO PAY WITHIN TEN DAYS OF THE ENTRY OF THE SEC'S ORDER \$8.5 MILLION IN THE NATURE OF A PENALTY TO THE UNITED STATES TREASURY. THIS AMOUNT WAS PAID IN FULL BY DECEMBER 28, 2009.



## Firm Statement

IN DECEMBER 2009, ERNST & YOUNG LLP SETTLED AN ADMINISTRATIVE AND CEASE-AND-DESIST PROCEEDING WITH THE SEC. THE COMMISSION FOUND THAT ERNST & YOUNG LLP VIOLATED SECTION 10A(B) OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT") AND AIDED AND ABETTED VIOLATIONS OF SECTIONS 17(A)(2) AND (3) OF THE SECURITIES ACT OF 1933 ("SECURITIES ACT") AND SECTIONS 13(A) AND 13(B)(2)(A) OF THE EXCHANGE ACT AND RULES 12B-20, 13A-1, 13A-11 AND 13A-3 THEREUNDER BY BALLY TOTAL FITNESS HOLDING COMPANY ("BALLY"), FOR WHICH E&Y LLP SERVED AS AUDITOR. THE SETTLED PROCEEDING RELATES TO ALLEGATIONS THAT IN CONNECTION WITH ITS 2001-2003 FINANCIAL STATEMENTS, BALLY ENGAGED IN FRAUDULENT FINANCIAL ACCOUNTING, INCLUDING PREMATURELY RECOGNIZING REVENUE AND IMPROPERLY DEFERRING COSTS, WHICH OVERSTATED INCOME AND INFLATED STOCKHOLDERS' EQUITY. BALLY ALSO ALLEGEDLY MADE FALSE AND MISLEADING DISCLOSURES REGARDING A \$55 MILLION SPECIAL CHARGE IN ITS 2002 FORM 10-K. THE SEC FOUND THAT NOTWITHSTANDING THAT ERNST & YOUNG LLP KNEW OR SHOULD HAVE KNOWN OF BALLY'S FRAUDULENT FINANCIAL ACCOUNTING AND FALSE AND MISLEADING DISCLOSURES, IT ISSUED UNQUALIFIED AUDIT OPINIONS REGARDING BALLY'S 2001-2003 FINANCIAL STATEMENTS, WHICH STATED THAT ERNST & YOUNG LLP HAD CONDUCTED ITS AUDITS IN ACCORDANCE WITH AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES ("GAAS") AND THAT BALLY'S FINANCIAL STATEMENTS WERE PRESENTED IN CONFORMITY WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES ("GAAP"). ACCORDING TO THE SEC'S FINDINGS, CONTRARY TO THE AUDIT OPINIONS, ERNST & YOUNG LLP'S AUDITS OF BALLY'S FINANCIAL STATEMENTS WERE NOT PERFORMED IN ACCORDANCE WITH GAAS AND BALLY'S FINANCIAL STATEMENTS WERE NOT IN CONFORMITY WITH GAAP. ERNST & YOUNG LLP RESIGNED AS BALLY'S INDEPENDENT AUDITOR ON MARCH 30, 2004.

WITHOUT ADMITTING OR DENYING THE COMMISSION'S FINDINGS, EXCEPT AS TO THE COMMISSION'S JURISDICTION OVER IT AND THE SUBJECT MATTER OF THE PROCEEDING, ERNST & YOUNG LLP AGREED (I) TO A COMMISSION ORDER THAT IT CEASE-AND-DESIST FROM COMMITTING OR CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTION 10A OF THE EXCHANGE ACT AND SECTIONS 17(A)(2) AND (3) OF THE SECURITIES ACT, AND FROM CAUSING ANY VIOLATIONS AND ANY FUTURE VIOLATIONS OF SECTIONS 13(A) AND 13(B)(2)(A) OF THE EXCHANGE ACT AND RULES 12B-20, 13A-1, 13A-11 AND 13A-13 THEREUNDER; (II) TO BE CENSURED PURSUANT TO RULE 102(E)(1)(III) OF THE COMMISSION'S RULES OF PRACTICE; AND (III) TO COMPLY WITH THE UNDERTAKINGS DESCRIBED ABOVE.



## Disclosure 33 of 35

<b>Reporting Source:</b>	Firm
<b>Affiliate:</b>	ERNST & YOUNG LLP
<b>Current Status:</b>	Final
<b>Allegations:</b>	THE SEC INSTITUTED THE PROCEEDING PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 ("SECURITIES ACT"), SECTIONS 4C AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 ("EXCHANGE ACT"), AND RULE 102(E) OF THE COMMISSION'S RULES OF PRACTICE. THE ORDER INSTITUTING PROCEEDINGS ("OIP") CHARGED THAT ERNST & YOUNG LLP ("EY OR "E&Y"): (1) VIOLATED RULE 2-02 OF COMMISSION REGULATION S-X BECAUSE IT WAS NOT INDEPENDENT WHEN IT AUDITED THE FINANCIAL STATEMENTS OF PEOPLESOFT INC. ("PEOPLESOFT"), A PUBLIC COMPANY, FOR FISCAL YEARS 1994 THROUGH 1999, (2) CAUSED PEOPLESOFT TO VIOLATE SECTIONS 7(A) AND 10(A) OF THE SECURITIES ACT, SECTIONS 13(A) AND 14(A) OF THE EXCHANGE ACT, AND EXCHANGE ACT RULES 13A-1 AND 14A-3 THEREUNDER; AND (3) ENGAGED IN IMPROPER PROFESSIONAL CONDUCT WITHIN THE MEANING OF SECTION 4C OF THE EXCHANGE ACT AND RULE 102(E) OF THE COMMISSION'S RULES OF PRACTICE.
<b>Initiated By:</b>	U.S. SECURITIES AND EXCHANGE COMMISSION, ACCOUNTING-RELATING BOARDS IN CA, WA, PA, AND NM
<b>Date Initiated:</b>	11/13/2002
<b>Docket/Case Number:</b>	ADMINISTRATIVE PROCEEDING FILE NO. 3-10933
<b>Principal Product Type:</b>	Other
<b>Other Product Type(s):</b>	AUDIT SERVICES
<b>Principal Sanction(s)/Relief Sought:</b>	Cease and Desist
<b>Other Sanction(s)/Relief Sought:</b>	SUSPENDED FROM TAKING NEW SEC-REGISTERED AUDIT CLIENTS IN CALIFORNIA FOR 6 MOS. RETAIN INDEPENDENT CONSULTANT
<b>Resolution:</b>	Decision
<b>Resolution Date:</b>	04/24/2004
<b>Sanctions Ordered:</b>	Disgorgement/Restitution Suspension Cease and Desist/Injunction
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	SUSPENSION REQUIRED THE E&Y LLP NOT TO PERFORM AUDITS FOR NEW CLIENTS THAT ARE SEC REGISTRATIONS. THE SUSPENSION EXPIRED



ON 10/26/2004. DISGORGEMENT OF \$1.7 MILLION IN AUDIT FEES, PLUS INTEREST OF \$.7 MILLION AND RETENTION OF AN INDEPENDENT CONSULTANT. THIS AMOUNT WAS PAID IN FULL BY E&Y LLP WITHIN ONE DAY OF THE INITIAL DECISION BEING FINALIZED. THE CEASE AND DESIST ORDER REQUIRES THAT E&Y COMPLY WITH THE SEC'S INDEPENDENCE RULES IN THE FUTURE AND NOT COMMIT ANY FURTHER VIOLATIONS OF THE RELEVANT STATUTES AND RULES

## **Firm Statement**

THE SEC FOUND THAT THE ACTIVITIES OF E&Y LLP'S FORMER SOFTWARE CONSULTANTS IN CONNECTION WITH THE IMPLEMENTATION OF PEOPLESFT SOFTWARE FOR THIRD PARTIES VIOLATED THE SEC'S INDEPENDENCE RULES. E&Y SOLD ITS CONSULTING PRACTICE IN 2000. IN ADDITION, THE SEC FOUND THE FIRM'S LICENSE AGREEMENT IN CONNECTION WITH OUR EY/GEM'S FOR PEOPLESFT SOFTWARE PRODUCT WAS AN IMPROPER DIRECT BUSINESS RELATIONSHIP WITH AN AUDIT CLIENT, AND FURTHER FOUND THE PRODUCT ITSELF TO BE A JOINT ERNST & YOUNG AND PEOPLESFT PRODUCT. IN CONNECTION WITH THIS MATTER, E&Y LLP REACHED A SETTLEMENT WITH THE CALIFORNIA STATE BOARD IN SEPTEMBER 2004, WHICH REQUIRED A REVIEW BY AN INDEPENDENT CONSULTANT; A SYMPOSIUM ON AUDITOR INDEPENDENCE ISSUES TO BE OFFERED AT E&Y'S EXPENSE; AND A THREE-YEAR PROBATIONARY PERIOD THAT ENDED ON SEPTEMBER 24, 2007. THE INDEPENDENT HAS CONSULTANT COMPLETED HIS REVIEW, AND THE SETTLEMENT DOES NOT AFFECT E&Y LLP'S ABILITY TO CONTINUE TO SERVE OUR EXISTING AUDIT CLIENTS IN CALIFORNIA, NOR DID IT PLACE ANY ADDITIONAL RESTRICTIONS ON ACCEPTING NEW PUBLIC COMPANY AUDIT CLIENTS IN CALIFORNIA BEYOND THE SEC SUSPENSION PERIOD (WHICH, AS NOTED ABOVE, ENDED ON OCTOBER 26, 2004). IN JANUARY 2008, THE WASHINGTON STATE BOARD OF ACCOUNTANCY AND E&Y LLP ENTERED INTO AN AGREEMENT RESOLVING ANY ISSUES THAT AROSE OUT OF THE BOARD'S INVESTIGATION RELATING TO THE PEOPLESFT CASE AS WELL ANOTHER MATTER. PURSUANT TO THE AGREEMENT, E&Y LLP PROVIDED THE BOARD WITH INFORMATION REGARDING ENHANCEMENTS TO THE E&Y LLP'S INDEPENDENCE POLICIES AND PROCEDURES AND ALSO PROVIDED A WEBCAST PROGRAM ON AUDITOR INDEPENDENCE THAT WAS OFFERED FOR CPE CREDIT TO WASHINGTON LICENSEES. IN JUNE 2008, THE NEW MEXICO PUBLIC ACCOUNTANCY BOARD AND E&Y LLP ENTERED INTO A SETTLEMENT AGREEMENT RESOLVING ANY ISSUES RELATING TO THE PEOPLESFT CASE. UNDER THE TERMS OF THE AGREEMENT, THE FIRM MADE A CONTRIBUTION TO THE NEW MEXICO CPA SOCIETY. IN AUGUST 2008, THE BOARD VOTED TO CLOSE THE MATTER AS THE TERMS OF THE AGREEMENT HAD BEEN SATISFIED. IN OCTOBER 2008, THE PENNSYLVANIA BUREAU OF PROFESSIONAL AND OCCUPATIONAL AFFAIRS AND E&Y LLP ENTERED INTO A STIPULATION FOR WITHDRAWAL OF ORDER TO SHOW CAUSE PURSUANT TO WHICH, AMONG OTHER ITEMS, E&Y LLC PROVIDED A TWO-



HOUR WEBCAST ON AUDITOR INDEPENDENCE FOR CPE CREDIT TO PENNSYLVANIA LICENSEES AND MADE A CONTRIBUTION TO A COMMUNITY COLLEGE IN THE COMMONWEALTH OF PENNSYLVANIA.

#### Disclosure 34 of 35

<b>Reporting Source:</b>	Firm
<b>Affiliate:</b>	ERNST & YOUNG LLP
<b>Current Status:</b>	Final
<b>Allegations:</b>	ACCORDING TO THE SEC, "[T]HIS ACTION CONCERNS VIOLATIONS OF AUDITOR INDEPENDENCE STANDARDS BY E&Y [LLP]. DURING 2001, E&Y [LLP], THROUGH ONE OF ITS NATIONAL OFFICE PARTNERS, COMPROMISED ITS PROFESSIONAL INDEPENDENCE BY ASSISTING ONE CLIENT, AMERICAN INTERNATIONAL GROUP, INC. ("AIG"), IN ITS DEVELOPMENT AND MARKETING OF AN ACCOUNTING-DRIVEN FINANCIAL PRODUCT AND THEN ADVISING AN AUDIT CLIENT, THE PNC FINANCIAL SERVICES GROUP, INC. ("PNC"), ON THE ACCOUNTING TREATMENT FOR A VERSION OF THAT PRODUCT IN PNC'S FINANCIAL STATEMENTS, WITHOUT E&Y [LLC] PERFORMING A MEANINGFUL ANALYSIS OF THE ACCOUNTING SEPARATE FROM THE ANALYSIS THAT THE NATIONAL OFFICE PARTNER HAD PERFORMED."
<b>Initiated By:</b>	U.S. SECURITIES AND EXCHANGE COMMISSION
<b>Date Initiated:</b>	03/26/2007
<b>Docket/Case Number:</b>	ADMINISTRATIVE PROCEEDING FILE 3-12600
<b>Principal Product Type:</b>	Options
<b>Other Product Type(s):</b>	AUDIT SERVICES
<b>Principal Sanction(s)/Relief Sought:</b>	Censure
<b>Other Sanction(s)/Relief Sought:</b>	
<b>Resolution:</b>	Decision & Order of Offer of Settlement
<b>Resolution Date:</b>	03/26/2007
<b>Sanctions Ordered:</b>	Censure Disgorgement/Restitution
<b>Other Sanctions Ordered:</b>	
<b>Sanction Details:</b>	E&Y LLP PAID DISGORGEMENT AND INTEREST IN THE AMOUNT OF



\$1,587,170.42. THIS AMOUNT WAS PAID IN FULL WITHIN 10 DAYS OF THE ENTRY OF THE ORDER ON MARCH 26, 2007.

### Firm Statement

IN MARCH 2007, E&Y LLP ENTERED INTO A SETTLEMENT WITH THE SEC RELATING TO VIOLATIONS OF THE AUDITOR INDEPENDENCE STANDARDS THAT OCCURRED IN 2001. ACCORDING TO THE SEC, THE E&Y LLP VIOLATED RULE 102(E)(1)(II) OF THE COMMISSION'S RULES OF PRACTICE WHEN A PARTNER IN THE NATIONAL OFFICE ASSISTED A NON-AUDIT IN ITS DEVELOPMENT AND MARKETING OF AN ACCOUNTING-DRIVEN FINANCIAL PRODUCT AND THEN, LATER, THE SAME NATIONAL OFFICE PARTNER ADVISED AN AUDIT CLIENT, THE PNC FINANCIAL SERVICES GROUP, INC., ON THE APPROPRIATE ACCOUNTING TREATMENT FOR A VERSION OF THAT PRODUCT IN PNC'S FINANCIAL STATEMENTS. ACCORDING TO THE SEC, E&Y LLP FAILED TO HAVE ANOTHER PARTNER PERFORM A MEANINGFUL SEPARATE ANALYSIS OF THE APPROPRIATE ACCOUNTING TREATMENT. THE SEC BELIEVED THAT BECAUSE OF THE NATIONAL OFFICE PARTNER'S DUAL ROLES, E&Y LLP LACKED THE REQUISITE INDEPENDENCE IN OUR PERFORMANCE AS PNC'S AUDITOR. THE SEC ALSO FOUND THAT E&Y WAS A CAUSE OF PNC'S VIOLATIONS OF SEC 13(A) OF THE EXCHANGE ACT AND RULES 12B-20 AND 13AA-13 THEREUNDER. THE SEC ORDER ACKNOWLEDGED THE SIGNIFICANT IMPROVEMENTS E&Y HAS MADE SINCE 2001 IN ITS INDEPENDENCE POLICIES AND PROCEDURES.

### Disclosure 35 of 35

#### Reporting Source:

Firm

#### Affiliate:

ERNST & YOUNG LLP

#### Current Status:

Final

#### Allegations:

THE SECURITIES AND EXCHANGE COMMISSION (SEC) ISSUED AN ORDER, PURSUANT WITH 4C AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934 (EXCHANGE ACT), AND RULE 102(E)(1)(II) OF THE COMMISSION'S RULES OF PRACTICE, CENSURING ERNST & YOUNG LLP ("E&Y") AND TWO E&Y'S PARTNERS. THE SEC ALSO ORDERED E&Y TO PAY DISGORGEMENT. THE SEC DETERMINED THAT E&Y AND THE TWO PARTNERS FAILED TO DISCLOSE AN INDEPENDENCE-IMPAIRING RELATIONSHIP TO THREE COMPANIES WHERE E&Y SERVED AS THE AUDITOR. THE SEC DETERMINED, AMONG OTHER THINGS, THAT E&Y LLP AND THE TWO PARTNERS KNEW OR SHOULD HAVE KNOWN THAT E&Y ALLOWED A BOARD MEMBER OF THE THREE COMPANIES TO VOTE ON THE MATTER OF WHETHER TO RETAIN E&Y WHILE THE BOARD MEMBER'S RELATIONSHIP WITH E&Y CONSTITUTED APPROXIMATELY ONE-HALF OF HIS NET INCOME.

#### Initiated By:

U.S. SECURITIES AND EXCHANGE COMMISSION



**Date Initiated:** 08/05/2008

**Docket/Case Number:** ADMINISTRATAIVE PROCEEDING FILE NO. 3-13114

**Principal Product Type:** Other

**Other Product Type(s):** AUDIT SERVICES

**Principal Sanction(s)/Relief Sought:** Censure

**Other Sanction(s)/Relief Sought:**

**Resolution:** Decision & Order of Offer of Settlement

**Resolution Date:** 08/05/2008

**Sanctions Ordered:** Censure  
Disgorgement/Restitution

**Other Sanctions Ordered:**

**Sanction Details:** E&Y LLP PAID DISGORGEMENT OF \$2,381,965 AND PREJUDGEMENT INTEREST OF \$537,022.79 IN FULL TO THE SECURITIES AND EXCHANGE COMMISSION BY AUGUST 15, 2008.

**Firm Statement** IN AUGUST 2008, E&Y LLP SETTLED AN SEC ADMINISTRATIVE PROCEEDING INVOLVING E&Y LLP AND TWO OF THE FIRM'S PARTNERS. THE COMMISSION FOUND THAT E&Y ENGAGED IN IMPROPER PROFESSIONAL CONDUCT PURSUANT TO EXCHANGE ACT SECTION 4C AND RULE 102(E) OF THE COMMISSION'S RULES OF PRACTICE, VIOLATED RULE 2-02(B) OF REGULATION S-X, AND CAUSED THREE COMPANIES TO VIOLATE EXCHANGE ACT SECTIONS 13(A) AND 14(A), AND EXCHANGE ACT RULES 13A-1 AND 14A-3. THE SETTLEMENT RELATES TO AN INDEPENDENCE MATTER INVOLVING A BUSINESS RELATIONSHIP THAT E&Y LLP HAD WITH AN INDIVIDUAL FROM 2002 TO 2004 WHO AT THE TIME WAS ALSO A DIRECTOR OF THE THEN-AUDIT CLIENT BEST BUY AND TWO OTHER AUDITS CLIENTS. THE BUSINESS RELATIONSHIP WAS ENTERED INTO IN 2002 DURING A TIME WHEN EY DID NOT HAVE IN PLACE THE IMPROVED AND ROBUST BUSINESS BUSINESS RELATIONSHIP POLICIES, PROCESSES, PROCEDURES, AND TRAINING THAT THE FIRM CURRENTLY HAS TO HELP ASSESS COMPLIANCE WITH INDEPENDENCE OBLIGATIONS. IN THE SEC'S ADMINISTRATIVE ORDER, THE SEC ACKNOWLEDGES THAT, "E&Y HAS SIGNIFICANTLY REVISED ITS INDEPENDENCE POLICIES AND PROCEDURES. E&Y HAS ALSO ESTABLISHED A NEW BUSINESS-RELATIONSHIP EVALUATION PROCESS FOR REVIEW AND EVALUATION OF BOTH NEW AND EXISTING BUSINESS RELATIONSHIPS."

## End of Report



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