

**PROCEEDINGS BEFORE THE
WASHINGTON STATE BOARD OF ACCOUNTANCY**

In the matter of the Certified Public Accountant (CPA) Firm License to practice as a CPA Firm of:

Ernst & Young LLP
Firm License No. 2054

Respondent.

No. ACB-1556

CONSENT AGREEMENT
AND AGREED ORDER

The Washington State Board of Accountancy (Board) and Ernst & Young LLP (Respondent), stipulate and agree as follows:

Section 1: Procedural Stipulations

- 1.1 The parties wish to enter into this Consent Agreement and Agreed Order (Consent Agreement) in order to facilitate resolution of this matter in accordance with the legislative intent endorsed in RCW 34.05.060 and the provisions of WAC 4-30-140.
- 1.2 Respondent has the right to defend against a Statement of Charges issued by the Executive Director of the Board by demanding a hearing and presenting evidence on the Respondent's behalf. Respondent voluntarily waives the right to a hearing and all other rights that may be accorded the Respondent by the Administrative Procedures Act, chapter 34.05 RCW, and the laws of Washington, including the right to petition the courts for judicial review.
- 1.3 Respondent understands that should the Executive Director of the Board prevail at hearing based on the Statement of Charges, the Board has the power and authority to deny, suspend, revoke, or refuse to renew the Respondent's CPA certificate or any individual or firm licenses to practice public accounting as a CPA or CPA firm in

Washington, impose a fine plus the Board’s investigative and legal costs in bringing charges, impose conditions precedent to renewal of the certificate or license, or impose full restitution to injured parties.

1.4 Respondent wishes to expedite the resolution of this matter by means of this Consent Agreement and does not desire to proceed to a formal hearing based on the issuance of a Statement of Charges.

1.5 Respondent understands that the terms of this Consent Agreement are not binding unless approved by the Board and fully executed.

The parties further stipulate to the following Stipulated Facts, Conclusions of Law, and Agreed Order:

Section 2: Stipulated Facts

2.1 Respondent holds a CPA firm license, Ernst & Young LLP, No. 2054, issued on 10/25/1989.

2.2 On June 28, 2022, the Securities and Exchange Commission (SEC) imposed a disciplinary order against Respondent File No. 3-20911 (“the SEC order”). The SEC Order sanctioned Respondent for violating PCAOB Rule 3500T.

2.3 On September 30, 2022, Respondent responded by email through counsel to Board inquiry and identified Washington licensees that shared or received answer keys to the AICPA ethics exam, Washington state CPA ethics exam, and/or CPE assessments.

2.4 Prior to the issuance of the SEC Order, Ernst & Young conducted a robust internal investigation of the underlying conduct described in the SEC Order and developed remedial measures to reduce the risk of a recurrence of such conduct. Since issuance of

the SEC Order in 2022, Respondent has complied with all requirements of the SEC Order.

- 2.5 Respondent has committed to donate scholarship funds to the Washington CPA Foundation to be used by students in accountancy programs, and to the Washington Society of CPAs to assist license applicants to pay for AICPA Professional Ethics exam costs.

Section 3: Conclusions of Law

- 3.1 The Board has jurisdiction over the Respondent and the subject matter of this proceeding.
- 3.2 Pursuant to RCW 18.04.295, the Board has the power to impose discipline.
- 3.3 The facts and findings set out in paragraphs 2.1 and 2.2 constitute prima facie evidence pursuant to WAC 4-30-142(6)(b) that Respondent engaged in a prohibited act because Respondent entered into the SEC order, which provides a basis for discipline under RCW 18.04.295.
- 3.4 The facts set out in paragraph 2.4 and 2.5 are mitigating circumstances considered by the Board when determining the appropriate sanctions contained in the Agreed Order.

Section 4: Agreed Order

- 4.1 Respondent consents to the entry of this Agreement and has waived any right to a hearing.
- 4.2 Based on the preceding Stipulated Facts and Conclusions of Law, the Board and Respondent agree that Respondent will perform the following remedial measures:
- 4.2.1 Respondent shall pay the Board a fine in the amount of thirty thousand dollars (\$30,000).
- 4.2.2 Respondent shall pay the Board the amount of five thousand dollars (\$5,000) to reimburse the Board's investigative and legal costs.

- 4.2.3 The payments in paragraphs 4.2.1 and paragraph 4.2.2 are due within 30 days of the service of this Agreement. They shall be made payable to the Washington State Board of Accountancy and remitted to PO Box 24281, Seattle, WA, 98124-0281.
- 4.2.4 Within 60 days of the service of this Agreement, Respondent will make a donation to the Washington CPA Foundation in the amount of three hundred fifty thousand dollars (\$350,000), to be used for scholarships to accounting students attending an accredited college or university in the state of Washington.
- 4.2.5 Within 60 days of the service of this Agreement, Respondent will make a donation to the Washington Society of Certified Public Accountants in the amount of twenty thousand dollars (\$20,000), to be used for scholarships for Washington residents to pay the exam cost for taking the AICPA Professional Ethics Exam.
- 4.2.6 The leadership of Respondent's team in their Washington State office that oversee public company audits shall complete the NASBA Center for Public Trust Ethical Leadership training course within 90 days of the service of this Agreement.
- 4.2.6.1 Respondent shall provide a list of the applicable name(s) of the individual(s) to the Board within 30 days of the service of this Agreement.
- 4.2.7 Respondent shall provide to the Board an annual certification, through the calendar year 2025, that Respondent is in compliance with the requirements and undertakings set forth in the SEC Order.

As authorized representative of Ernst & Young LLP, I certify that I am authorized to sign this agreement, have read this Consent Agreement in its entirety, and represent that Ernst & Young, LLP fully understands and agrees to all of it and that it may be presented to the Board

without my appearance. If the Board accepts the Consent Agreement, I understand that I will receive a signed copy as the signor for Ernst & Young, LLP.

DATED this _____ day of _____, 2024.

RESPONDENT

[Name & Position]
Ernst & Young LLP

The Board accepts and enters this Consent Agreement and Agreed Order.

DATED this _____ day of _____, 2024.

WASHINGTON STATE
BOARD OF ACCOUNTANCY

Kate Dixon
Chair