

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 66796 / April 12, 2012

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 3380 / April 12, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-14846

In the Matter of	:	
	:	
JORGE L. CASTILLO, CPA,	:	ORDER INSTITUTING ADMINISTRATIVE
	:	PROCEEDINGS PURSUANT TO RULE
	:	102(e) OF THE COMMISSION’S RULES OF
Respondent	:	PRACTICE, MAKING FINDINGS, AND
	:	IMPOSING REMEDIAL SANCTIONS
	:	

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted against Jorge L. Castillo (“Castillo” or “Respondent”) pursuant to Rule 102(e)(3)(i) of the Commission’s Rules of Practice.¹

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings

¹ Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, . . . suspend from appearing or practicing before it any . . . accountant . . . who has been by name . . . permanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating or aiding and abetting the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.

herein, except as to the Commission's jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III. 2. below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Rule 102(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions ("Order"), as set forth below.

III.

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

1. Castillo, age 56, is and has been a certified public accountant licensed to practice in the State of New Jersey. From at least 2003 through 2010, Castillo served, and publicly presented himself, as the independent, outside auditor for Provident Capital Indemnity Ltd. ("PCI"), a purported insurance and reinsurance company based in Costa Rica.

2. On April 6, 2012, a final judgment was entered against Castillo by consent, permanently enjoining him from future violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Section 17(a) of the Securities Act of 1933, in the civil action entitled SEC v. Provident Capital Indemnity, Ltd., Minor Vargas Calvo, and Jorge L. Castillo, Civil Action No. 3:11-CV-045 (REP), in the United States District Court for the Eastern District of Virginia.

3. The Commission's Complaint alleged, among other things, that Castillo falsely represented that he had audited PCI's financial statements from at least 2003 through 2009, when, in fact, he never conducted an audit of PCI's financial statements for those years; rather than conduct proper audits, he instead issued clean audit opinions at the bidding of PCI's president, which falsely stated that PCI's financial statements for those years "present fairly, in all material respects, the financial position of [PCI] in conformity with generally accepted accounting principles." The Complaint alleged that Castillo's actions, in turn, supported the illusion that PCI had materially larger assets – including a Long-Term Asset that purportedly comprised 70% to 80% of PCI's total assets – and a greater financial wherewithal to support its obligation on financial guarantee bonds issued in connection with life settlement investments. Castillo allegedly knew or was reckless in not knowing that the Long-Term Asset did not exist and assisted PCI's president in manufacturing false backup for the Long-Term Asset. The Complaint also alleged that Castillo knew, or was reckless in not knowing that PCI was providing his false audit reports to a rating agency that, in partial reliance on those reports, gave PCI a high rating. The Complaint also alleged that, on occasion, Castillo assisted PCI's president in formulating responses to the rating agency's questions. The Complaint also alleged that PCI's president asked Castillo to issue certificates to life settlement issuers that falsely stated PCI had made payments to purchase reinsurance, which Castillo did; such actions supported the illusion that PCI's obligations on financial guarantee bonds were backed by reinsurance.

4. The Commission's Complaint further alleged that in 2010, after learning of a regulatory inquiry into his conduct, Castillo asked the president of PCI to manufacture backup

material to support Castillo's purported audit procedures and told the PCI president that he had destroyed or was in the process of destroying all of his e-mails. Castillo also urged PCI's president to destroy documents.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanction agreed to in Respondent Castillo's Offer.

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

Castillo is suspended from appearing or practicing before the Commission as an accountant.

By the Commission.

Elizabeth M. Murphy
Secretary