

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

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U.S. Securities and Exchange Commission)	
)	
Petitioner,)	
)	
-v.-)	11 Misc. 512 GK/DAR
)	
Deloitte Touche Tohmatsu CPA Ltd.)	
)	
Respondent.)	
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SECOND DECLARATION OF ALBERTO AREVALO

I, Alberto Arevalo, declare:

1. I am over the age of eighteen years, and I have personal knowledge of the facts set forth in this declaration.

2. I am employed as Chief of International Cooperation in the Office of International Affairs (“OIA”) for the United States Securities and Exchange Commission (“SEC” or “Commission”). I have served in this position since December 2012. In this capacity, I supervise the OIA Assistant Directors in charge of the international enforcement cooperation, supervisory cooperation, and technical assistance program areas, and am responsible for the strategic direction of these program areas. From December 2007 until I obtained my current position, I served as an Assistant Director in OIA. In my capacity as Assistant Director, I was involved in the Commission’s international enforcement initiatives and frequently worked with foreign regulators and international organizations, and also with the SEC’s other divisions and offices, with respect to the international aspects of the Commission’s programs. Among other things, I oversaw OIA’s international enforcement efforts on a day-to-day basis, including matters where the

SEC's Enforcement Division was seeking assistance abroad, as well as matters where foreign regulators were seeking assistance from the SEC. I have been employed by the Commission since 2004. I am a member in good standing of the State Bar of California since 1984.

3. In my capacity as Chief of International Cooperation in the SEC's OIA, as in my prior capacity as an Assistant Director in that office, I am familiar with the requests for assistance the SEC has sent to the China Securities Regulatory Commission ("CSRC"), and am also familiar with the correspondence the SEC has received from the CSRC in response to these requests. I am also familiar with the efforts made by the SEC to obtain, through the CSRC, audit work papers located in the People's Republic of China ("China").
4. This declaration supplements the prior declaration I submitted in this matter on December 3, 2012 ("First Arevalo Declaration").

The SEC's Requests For Assistance To The CSRC

5. As described in the First Arevalo Declaration, supplemented by detail in the following paragraphs, beginning in 2009 and continuing to the present, the SEC has sent to the CSRC twenty-three (23) requests for assistance in connection with eighteen (18) different investigations conducted by the SEC's Division of Enforcement ("enforcement investigations"), including three requests for audit work papers. The investigation relating to Longtop Financial Technologies Limited ("Longtop") is one of the three investigations for which audit work papers were requested. The SEC has not received any of the requested audit work papers, nor has it received meaningful assistance from the CSRC in any of the other investigations.

6. As in the First Arevalo Declaration, I refer to each relevant SEC enforcement investigation by an “Investigation Number.” (Note, however, that I did not assign a number to the Longtop investigation.) Since the First Arevalo Declaration, SEC staff sent to the CSRC two additional requests for assistance as follows.
7. **Investigation Number 16:** In January 2013, SEC staff sent to the CSRC a request for assistance in a fraud investigation concerning a U.S. corporation that apparently had been offering purported investments to investors in China and functioning as a mechanism for wealthy foreign investors to obtain EB-5 visas. SEC staff requested that the CSRC obtain offering and marketing materials from a local sales agent in China to assess the truthfulness of representations made to Chinese investors. It was our hope that the CSRC would be motivated to assist with this investigation, as the victims were primarily Chinese citizens.
8. **Investigation Number 17:** In February 2013, SEC staff sent to the CSRC a request for assistance in another fraud investigation (similar to Investigation 16) concerning a U.S. corporation that apparently has been offering purported investments to Chinese investors in the U.S. and China, and functioning as a mechanism for foreign investors to obtain EB-5 visas. SEC staff requested that the CSRC obtain bank records to identify investors and to determine whether investor funds were being misappropriated. Again, it was our hope that the CSRC would be motivated to assist with this investigation, as the victims appear to include Chinese citizens.
9. Although I received an email in February 2013, in which the CSRC stated that it was working on responding to our requests made in connection with Investigation Numbers

16 and 17 (paragraphs 7 and 8, above), to date SEC staff has not received any of the assistance requested. These requests are still pending.

10. With respect to **Investigation Number 15** described in the First Arevalo Declaration, after I submitted that declaration the CSRC asked the SEC to provide additional information to facilitate the CSRC's processing of that request. The SEC has provided the additional information and is waiting to hear back from the CSRC.

The SEC's Efforts to Obtain Audit Work Papers from the CSRC

11. As described in the First Arevalo Declaration, on August 6, 2012, SEC staff sent to the CSRC a written request for assistance with respect to the audit work papers and related documents of Deloitte Touche Tohmatsu CPA Ltd. ("DTTC") concerning its audits of Longtop. The SEC made this request, as it did the other requests for assistance described in the First Arevalo Declaration and this declaration, under the International Organizations of Securities Commissions ("IOSCO") Multilateral Memorandum of Understanding ("MMOU").
12. In January 2013, SEC staff was informed that the CSRC may be in the process of developing new procedures intended to facilitate the production of audit work papers, including those work papers sought by the SEC's prior requests for assistance. Following the SEC's receipt of this information, former OIA Director Ethiopis Tafara had several communications with the CSRC about these purported new potential procedures.
13. By letter to the CSRC dated March 4, 2013, Mr. Tafara stated his understanding that, under the CSRC's purported new potential procedures, the CSRC would be able to provide to the SEC in a matter of weeks all of the DTTC documents relating to Longtop

that the SEC previously had requested of the CSRC under the IOSCO MMOU. Mr. Tafara also stated that until the SEC receives the requested documents and information consistent with the IOSCO MMOU, the SEC will continue to litigate the ongoing subpoena-enforcement action involving Longtop through resolution.

14. Later in March 2013 the CSRC acknowledged receipt of Mr. Tafara's March 4, 2013 letter and stated that it would start the new procedures with regard to the SEC's prior requests for Longtop-related documents as previously discussed with Mr. Tafara. However, to date, the SEC has not received any Longtop-related documents, or any audit work papers for any other investigations, from the CSRC.
15. As explained in the First Arevalo Declaration, the SEC has been trying since June 2010 to obtain audit work papers from China through the CSRC, and during this time the CSRC has conveyed a number of different positions about its ability or willingness to produce, or facilitate the production of, audit work papers. While the SEC would welcome a decision by the CSRC to comply fully with its enforcement cooperation commitments under the IOSCO MMOU – whether through the implementation of new procedures or otherwise – as stated above, to date no requested audit work papers have been produced by the CSRC.
16. None of the events described in this supplemental declaration change the views that I expressed in the First Arevalo Declaration that: (i) the CSRC currently is unwilling or unable to cooperate with the SEC in connection with the vast majority of its requests for assistance related to SEC investigations; and (ii) the CSRC currently is not a viable gateway for the production of audit work papers. As before, the SEC's discussions with

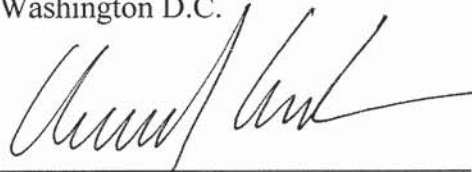
the CSRC have not yielded any concrete new results with respect to the SEC's requests for audit work papers, including the Longtop documents.

Staff Changes at the SEC

17. In March 2013, Ethiopis Tafara left the SEC. Robert M. Fisher is now OIA's Acting Director. I am not aware that Mr. Fisher has had any communication with the CSRC about the subject matter of this declaration since he became Acting Director.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on April 29, 2013 in Washington D.C.

A handwritten signature in black ink, appearing to read 'Alberto Arevalo', written over a horizontal line.

Alberto Arevalo