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Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions

In the Matter of BDO Taiwan,

Respondent.

PCAOB Release No. 105-2023-015

August 8, 2023

By this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions (“Order”), the Public Company Accounting Oversight Board (“Board” or “PCAOB”) is:

- (1) censuring BDO Taiwan, a registered public accounting firm (the “Firm” or “Respondent”);
- (2) imposing a civil money penalty in the amount of \$35,000 upon the Firm; and
- (3) requiring the Firm to undertake certain remedial measures to establish policies and procedures directed toward ensuring future compliance with PCAOB reporting requirements.

The Board is imposing these sanctions on the basis of its findings that the Firm filed an Annual Report on Form 2 with the PCAOB that contained inaccurate information, in violation of PCAOB Rule 2200, *Annual Report*.

I.

The Board deems it necessary and appropriate, for the protection of investors and to further the public interest in the preparation of informative, accurate, and independent audit reports, that disciplinary proceedings be, and hereby are, instituted pursuant to Section 105(c) of the Sarbanes-Oxley Act of 2002, as amended (the “Act”), and PCAOB Rule 5200(a)(1) against Respondent.

II.

In anticipation of institution of these proceedings, and pursuant to PCAOB Rule 5205, Respondent has submitted an Offer of Settlement (“Offer”) that the Board has determined to accept. Solely for purposes of these proceedings and any other proceedings brought by or on behalf of the Board, or to which the Board is a party, and without admitting or denying the findings herein, except as to the Board’s jurisdiction over Respondent and the subject matter of these proceedings, which is admitted, Respondent consents to the entry of this Order as set forth below.¹

III.

On the basis of Respondent’s Offer, the Board finds that:

A. Respondent

1. **BDO Taiwan** is a firm located in Taiwan R.O.C. At all relevant times, the Firm was registered with the Board pursuant to Section 102 of the Act and PCAOB rules.

B. Respondent Filed a Form 2 with the PCAOB Containing Inaccurate Information in Violation of PCAOB Rule 2200

2. PCAOB Rule 2200 requires that registered public accounting firms file annual reports with the Board on Form 2 “following the instructions to that form.” The instructions to the Form 2 require firms to identify and provide certain information relating to any issuer audit reports with respect to which the firm played a substantial role during the reporting period. They also require that a firm representative certify that the information contained on the Form 2 is accurate and complete.

3. On June 30, 2021, the Firm filed an Annual Report on Form 2 with the PCAOB for the reporting period April 1, 2020 through March 31, 2021. On that Form 2, the Firm indicated that it had not played a substantial role in the audit of any issuers during the reporting period. However, a Form AP filed by another registered firm indicated that the Firm had, in fact, played a substantial role in the audit of an issuer, China United Insurance Service, Inc., during the reporting period. The Form 2 contained a certification that it did not “contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading.”

¹ The findings herein are made pursuant to Respondent’s Offer and are not binding on any other person or entity in this or any other proceeding.

The Form 2 also contained a certification that the Firm has not “failed to include in this Form any information or affirmation that is required by the instructions to this form.”

4. The Firm’s internal compliance and reporting systems failed to identify the Firm’s substantial role in the audit of China United Insurance Service, Inc. as being reportable to the PCAOB. As a result, the Firm inappropriately failed to notify the PCAOB of its role in that audit.

5. By filing a Form 2 with the Board that inaccurately stated the Firm had not played a substantial role in the audit of an issuer during the reporting period, the Firm violated PCAOB Rule 2200.

6. The PCAOB’s Division of Registration and Inspections notified the Firm of the inaccurate information on the Form 2 on four occasions between August 2021 and October 2021, but the Firm failed to file an amended Form 2 correcting the inaccuracy.

7. On June 7, 2023, after receiving notice of the deficiency from the PCAOB Division of Enforcement and Investigations, the Firm filed an amended Form 2 indicating that it played a substantial role with respect to an issuer during the reporting period.

IV.

In view of the foregoing, and to protect the interests of investors and further the public interest in the preparation of informative, accurate, and independent audit reports, the Board determined it appropriate to impose the sanctions agreed to in Respondent’s Offer. Accordingly, it is hereby ORDERED that:

- A. Pursuant to Section 105(c)(4)(E) of the Act and PCAOB Rule 5300(a)(5), the Firm is hereby censured.
- B. Pursuant to Section 105(c)(4)(D) of the Act and PCAOB Rule 5300(a)(4), a civil money penalty in the amount of \$35,000 is imposed upon the Firm.
 1. All funds collected by the Board as a result of the assessment of this civil money penalty will be used in accordance with Section 109(c)(2) of the Act.
 2. The Firm shall pay this civil money penalty within ten (10) days of the issuance of this Order by: (1) wire transfer pursuant to instructions provided by Board staff; or (2) United States Postal Service money order, bank money order, certified check, or bank cashier’s check (a) made payable to the Public Company Accounting Oversight Board, (b) delivered to the Office of Finance, Public Company Accounting Oversight Board, 1666 K Street, N.W.,

Washington D.C. 20006, and (c) submitted under a cover letter, which identifies the Firm as a respondent in these proceedings, sets forth the title and PCAOB release number of these proceedings, and states that payment is made pursuant to this Order, a copy of which cover letter and money order or check shall be sent to Office of the Secretary, Attention: Phoebe W. Brown, Secretary, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006.

3. Respondent understands that its failure to pay the civil money penalty described above may result in summary suspension of the Firm's registration, pursuant to PCAOB Rule 5304(a).
 4. If timely payment is not made, additional interest shall accrue at the federal debt collection rate set for the current quarter pursuant to 31 U.S.C. § 3717. Payments shall be applied first to post-Order interest.
 5. With respect to any civil money penalty amounts that Respondent shall pay pursuant to this Order, Respondent shall not, directly or indirectly, (a) seek or accept reimbursement or indemnification from any source including, but not limited to, any current or former affiliated firm or professional or any payment made pursuant to any insurance policy; (b) claim, assert, or apply for a tax deduction or tax credit in connection with any federal, state, local, or foreign tax; nor (c) seek or benefit by any offset or reduction of any award of compensatory damages, by the amount of any part of Respondent's payment of the civil money penalty pursuant to this Order, in any private action brought against Respondent based on substantially the same facts as set out in the findings in this Order.
- C. Pursuant to Section 105(c)(4)(G) of the Act and PCAOB Rule 5300(a)(9), the Firm is required:
1. within ninety (90) days from the date of this Order, to establish policies and procedures, or revise and/or supplement existing policies and procedures to provide reasonable assurance that reportable events are identified by Firm personnel who participate in the Firm's PCAOB reporting process and that those events are reported on the applicable PCAOB form in a timely and complete manner;

2. within ninety (90) days from the date of this Order, to establish policies to ensure training concerning PCAOB reporting requirements, including PCAOB Rule 2200, at least annually, of any Firm personnel who participate in the Firm's PCAOB reporting process; and
3. within one hundred twenty (120) days from the date of this Order, to certify in writing to the Director of the Division of Enforcement and Investigations, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006, the Firm's compliance with paragraphs C(1) and C(2) above. The certification shall identify the actions taken to satisfy the conditions specified above, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Firm shall also submit such additional evidence of and information concerning compliance as the staff of the Division of Enforcement and Investigations may reasonably request. ***The Firm understands that the failure to satisfy these conditions may constitute a violation of PCAOB Rule 5000 that could provide a basis for the imposition of additional sanctions in a subsequent disciplinary proceeding.***

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

August 8, 2023