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Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions

In the Matter of Berkower LLC,

Respondent.

PCAOB Release No. 105-2024-016

March 28, 2024

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

- (1) censuring Berkower LLC (“Berkower,” the “Firm,” or “Respondent”);
- (2) imposing a civil money penalty in the amount of \$25,000 upon the Firm; and
- (3) requiring the Firm to undertake certain remedial actions as described in Section IV of this Order.

The Board is imposing these sanctions on the basis of its findings that the Firm failed to timely assemble a complete and final set of audit documentation within 45 days of the report release date in connection with its audit of Issuer A.

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 against Respondent pursuant to Section 105(c) of the Sarbanes-Oxley Act of 2002, as amended (the “Act”), and PCAOB Rule 5200(a)(1).

II.

In anticipation of the institution of these proceedings, and pursuant to PCAOB Rule 5205, Berkower 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. **Berkower LLC** is a New Jersey limited liability company headquartered in Iselin, New Jersey. Berkower is licensed to practice public accounting by the New Jersey State Board of Accountancy (License No. 20CB00106700), among other state boards. At all relevant times, the Firm was registered with the Board pursuant to Section 102 of the Act and PCAOB rules.

B. Issuer

2. **Issuer A** was, at all relevant times, a shell company incorporated in Nevada and headquartered in New York, New York. At all relevant times, Issuer A was an “issuer” as that term is defined by Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii). Berkower issued an audit report that Issuer A included in its Form 10-K filed with the U.S. Securities and Exchange Commission (“Commission”) for the year ended December 31, 2020.

C. Berkower Failed to Assemble and Retain Audit Documentation in Violation of AS 1215

3. In connection with the preparation or issuance of an audit report, PCAOB rules require that a registered public accounting firm and its associated persons comply with all applicable auditing and related professional practice standards.² PCAOB standards require that the auditor prepare and retain audit documentation in connection with audit engagements.³ That includes the requirement that “[a] complete and final set of audit documentation should

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

² See PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*; PCAOB Rule 3200, *Auditing Standards*.

³ See AS 1215.01, *Audit Documentation*.

be assembled for retention as of a date not more than 45 days after the report release date (*documentation completion date*)."⁴

4. Berkower audited Issuer A's financial statements for the year ended December 31, 2020, and issued its audit report on March 31, 2021, which the issuer included in its Form 10-K filed with the Commission.

5. The documentation completion date for the audit was May 15, 2021 (45 days after the report release date). However, from such time until at least March 2022, the Firm failed to assemble a complete and final set of audit documentation for retention. In addition, the Firm failed to include multiple work papers necessary to evidence the Firm's compliance with auditing standards in the Firm's final set of audit documentation.

6. Accordingly, Berkower violated AS 1215.

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 determines 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 \$25,000 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 days of the issuance of this Order by: (1) wire transfer pursuant to instructions provided by PCAOB 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

⁴ *Id.* at .15.

Street NW, 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 NW, Washington, D.C. 20006.

3. 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.
 4. 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.
 5. 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), following written notice to Respondent at the address on file with the PCAOB at the time of the issuance of this Order.
- C. Pursuant to Section 105(c)(4)(F) of the Act and PCAOB Rule 5300(a)(6), the Firm is required:
1. Within 90 days of the entry of this Order, to ensure that all professionals involved in any "audit," as that term is defined in Section 110(1) of the Act, have received professional education and training concerning compliance with AS 1215, *Audit Documentation*, including archiving of audit documentation in accordance with AS 1215. The Firm understands

that the failure to satisfy this condition 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

March 28, 2024