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Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions

*In the Matter of BDO Chartered Accountants &
Advisors,*

Respondent.

PCAOB Release No. 105-2024-035

June 18, 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 BDO Chartered Accountants & Advisors (“BDO UAE,” “Firm,” or “Respondent”);
- (2) imposing a \$20,000 civil money penalty on BDO UAE; and
- (3) requiring BDO UAE to undertake certain remedial measures, including measures to establish policies and procedures directed toward ensuring compliance with PCAOB reporting requirements.

The Board is imposing these sanctions on the basis of its findings that BDO UAE failed to disclose certain reportable events to the Board on PCAOB Form 3, *Special Report*, on a timely basis.

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 (“Act”), and PCAOB Rule 5200(a)(1) against Respondent.

II.

In anticipation of the 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 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 Chartered Accountants & Advisors** is a public accounting firm organized under the laws of the United Arab Emirates (UAE). BDO UAE is headquartered in Dubai and is licensed to practice public accounting by the Dubai Department of Economic Development (License No. 106930). BDO UAE is a member of the BDO International network of firms and is, and at all relevant times was, registered with the Board pursuant to Section 102 of the Act and PCAOB rules.

B. Summary

2. This matter concerns BDO UAE’s failure to timely disclose to the Board on Form 3 two reportable events regarding a disciplinary proceeding brought against it (and a former partner) by the Auditors Disciplinary Board of the United Arab Emirates Ministry of Economy (“ADB”). PCAOB rules require registered firms, including BDO UAE, to complete and file with the PCAOB a special report on Form 3 to report any event specified in that form within thirty days of the event’s occurrence. Among the events that a registered firm is required to report on Form 3 are a firm becoming aware that it has become a respondent in certain disciplinary proceedings, and the conclusion of such proceedings.

3. On April 11, 2023, the ADB concluded a proceeding involving BDO UAE that was initiated no later than that date and concerned the violation of certain provisions of UAE laws

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.

regulating the auditing profession in connection with audit work conducted for a non-issuer client.² The proceeding resulted in the imposition of a monetary penalty against the Firm.

4. The initiation and conclusion of the ADB's proceeding against BDO UAE constituted reportable events under Form 3, but BDO UAE failed to file a Form 3 reporting either event until January 11, 2024.

C. Respondent Failed to Timely Disclose Certain Reportable Events to the Board, in Violation of PCAOB Rules

5. PCAOB Rule 2203 provides that a registered public accounting firm must file a special report on Form 3 to report any event specified in that form within thirty days of the event's occurrence.³ One such specified event occurs when a firm "has become aware that, in a matter arising out of the Firm's conduct in the course of providing professional services for a client, the Firm has become a defendant or respondent in a civil or alternative dispute resolution proceeding initiated by a governmental entity or in an administrative or disciplinary proceeding other than a Board disciplinary proceeding."⁴

6. Another reportable event occurs when a firm has become aware that a reportable proceeding (*i.e.*, a reportable event under Items 2.4 – 2.9 of Form 3) has been concluded as to the firm or certain of its associated persons.⁵

7. No later than April 11, 2023, BDO UAE became aware that the ADB had initiated and concluded a disciplinary proceeding against the Firm concerning violations of local laws regulating the audit profession in connection with audit work the Firm performed for a non-issuer client.

² The term "issuer" means an issuer as defined in Section 3 of the Securities Exchange Act of 1934 ("Exchange Act"), the securities of which are registered under Section 12 of the Exchange Act, or that is required to file reports under Section 15(d) of the Exchange Act, or that files or has filed a registration statement that has not yet become effective under the Securities Act of 1933, and that it has not withdrawn. *See* PCAOB Rule 1001(i)(iii).

³ *See* PCAOB Rule 2203, *Special Reports*. As the Board noted when adopting its rules on special reporting, "reportable events will sometimes occur, and the public interest, as well as the ability to consider whether prompt action is warranted by the Board's inspection staff or enforcement staff, will be served by contemporaneous reporting of the event." PCAOB Rel. No. 2008-004, at 17 (June 10, 2008).

⁴ PCAOB Form 3, at Item 2.7 (italics in the original removed).

⁵ *Id.*, at Item 2.10.

8. The initiation and conclusion of the ADB proceeding constituted reportable events under Form 3. Accordingly, BDO UAE was required to report those events to the Board on Form 3 within thirty days of their occurrence, i.e., not later than May 11, 2023.⁶ However, BDO UAE failed to file a Form 3 reporting either event until January 11, 2024, approximately eight months after the deadline for doing so.

9. BDO UAE's internal compliance and reporting systems failed to identify, on a timely basis, the initiation and conclusion of the ADB proceeding against the Firm as being reportable to the PCAOB on Form 3. As a result, BDO UAE inappropriately notified the PCAOB of the initiation and conclusion of a relevant disciplinary proceeding after the applicable deadline, in violation of PCAOB Rule 2203.

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), BDO UAE 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 \$20,000 is imposed upon BDO UAE.
 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. BDO UAE shall pay this civil money penalty within ten days of the issuance of this Order by (1) wire transfer in accordance with instructions furnished 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 BDO UAE 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

⁶ See PCAOB Rule 2203(a).

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. If timely payment is not made, 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 BDO UAE shall pay pursuant to this Order, BDO UAE 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 BDO UAE's payment of the civil money penalty pursuant to this Order, in any private action brought against BDO UAE based on substantially the same facts as set out in the findings in this Order.
 5. BDO UAE understands that failure to pay the civil money penalty described above may result in summary suspension of BDO UAE's registration, pursuant to PCAOB Rule 5304(a), following written notice to BDO UAE at the address on file with the PCAOB at the time of the issuance of this Order.
- C. Pursuant to Section 105(c)(4)(G) of the Act and PCAOB Rule 5300(a)(9), BDO UAE is required:
1. within 90 days from the date of this Order, to establish policies and procedures, or revise and/or supplement existing policies and procedures, for the purpose of providing BDO UAE with reasonable assurance of compliance with PCAOB reporting requirements, including policies and procedures providing reasonable assurance that reportable events are identified by BDO UAE personnel who participate in BDO UAE's PCAOB reporting process and that those events are reported on the applicable PCAOB form in a timely and complete manner;
 2. within 90 days from the date of this Order, to establish policies and procedures to ensure training concerning PCAOB reporting requirements, at

least annually, of any BDO UAE personnel who participate in BDO UAE's PCAOB reporting process;

3. within 90 days from the date of this Order, to assign the role of compliance with PCAOB reporting matters to an individual within BDO UAE who possesses adequate knowledge and experience with PCAOB reporting requirements and sufficient authority within BDO UAE to fulfill those requirements on behalf of BDO UAE; and
4. within 120 days from the date of this Order, to have the individual referenced in paragraph C.3 above 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, BDO UAE's compliance with paragraphs C.1 through C.3 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. BDO UAE shall also submit such additional evidence of and information concerning compliance as the staff of the Division of Enforcement and Investigations may reasonably request. ***BDO UAE understands that 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

June 18, 2024