



1666 K Street NW
Washington, DC 20006

Office: 202-207-9100
Fax: 202-862-8430

www.pcaobus.org

Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions

In the Matter of Somekh Chaikin,

Respondent.

PCAOB Release No. 105-2025-011

March 11, 2025

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

- (1) censuring Somekh Chaikin (“KPMG Israel,” the “Firm,” or “Respondent”);
- (2) imposing a civil money penalty in the amount of \$250,000 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, between 2021 and 2023, the Firm: (a) filed 24 inaccurate Form APs in connection with its audits of 13 different issuer clients, in violation of PCAOB Rule 3211(a), *Auditor Reporting of Certain Audit Participants*; and (b) violated PCAOB quality control standards.

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 the institution of these proceedings, and pursuant to PCAOB Rule 5205, KPMG Israel 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. **Somekh Chaikin** is a public accounting firm headquartered in Tel Aviv, Israel. It is a member firm of the KPMG International Limited network of firms (“KPMG International”). At all relevant times, KPMG Israel was registered with the Board pursuant to Section 102 of the Act and PCAOB rules. During the period covered by this Order, the Firm reported that it annually served as the principal auditor for between 12 and 20 issuer clients.

B. Issuers

2. **Camtek LTD** (“Camtek”) is headquartered in Migdal Ha’Emek, Israel. Its public filings disclose that it is a manufacturer of equipment for the semiconductor industry. KPMG Israel issued audit reports that Camtek included in its Form 20-Fs filed with the U.S. Securities and Exchange Commission (“Commission”) for fiscal years ended December 31, 2020, and 2021.

3. **Citrine Global, Corp.** (“Citrine”) is headquartered in Caesarea, Israel. Its public filings disclose that it is a plant-based wellness and pharmaceutical company. KPMG Israel issued an audit report that Citrine included in its Form 10-K filed with the Commission for the fiscal year ended December 31, 2022.

4. **Ellomay Capital Ltd.** (“Ellomay”) is headquartered in Tel Aviv, Israel. Its public filings disclose that it produces renewable and clean energy. KPMG Israel issued audit reports that Ellomay included in its Form 20-Fs filed with the Commission for fiscal years ended December 31, 2020, and 2021.

5. **ICL Group Ltd.** (“ICL Group”) is headquartered in Tel Aviv, Israel. Its public filings disclose that it is a specialty minerals company. KPMG Israel issued audit reports that ICL Group included in its Form 20-Fs filed with the Commission for fiscal years ended December 31, 2020, and 2021.

6. **MediWound Ltd.** (“MediWound”) is headquartered in Yavne, Israel. Its public filings disclose that it is a developer and manufacturer of biopharmaceuticals. KPMG Israel

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.

issued audit reports that MediWound included in its Form 20-Fs filed with the Commission for fiscal years ended December 31, 2021, and 2022.

7. **My Size, Inc.** (“My Size”) is headquartered in Airport City, Israel. Its public filings disclose that it is an e-commerce platform and provider of technology solutions. KPMG Israel issued audit reports that My Size included in its Form 10-Ks filed with the Commission for fiscal years ended December 31, 2020, 2021, and 2022.

8. **Nano Dimension Ltd.** (“Nano Dimension”) is headquartered in Ness Ziona, Israel. Its public filings disclose that it is an additive manufacturing, sometimes referred to as 3D printing, solutions provider. KPMG Israel issued audit reports that Nano Dimension included in its Form 20-Fs filed with the Commission for fiscal years ended December 31, 2021, and 2022.

9. **Purple Biotech Ltd.** (“Purple Biotech”) is headquartered in Rehovot, Israel. Its public filings disclose that it is a developer of therapies, with a focus on oncology. KPMG Israel issued audit reports that Purple Biotech included in its Form 20-Fs filed with the Commission for fiscal years ended December 31, 2020, and 2021.

10. **Silicom Ltd.** (“Silicom”) is headquartered in Kfar Sava, Israel. Its public filings disclose that it is a network and data infrastructure solutions provider. KPMG Israel issued an audit report that Silicom included in its Form 20-F filed with the Commission for the fiscal year ended December 31, 2020.

11. **Tikcro Technologies Ltd.** (“Tikcro Technologies”) was, at all relevant times, headquartered in Hadera, Israel. Its public filings disclose that it was a developer of antibodies for cancer treatment. KPMG Israel issued an audit report for the fiscal year ended December 31, 2020 that Tikcro Technologies included in its Form 6-K filed with the Commission in April 2021.

12. **UAS Drone Corp.** (“UAS Drone”) is headquartered in Mevo Carmel Science and Industrial Park, Israel. Its public filings disclose that it is a robotics company. KPMG Israel issued an audit report that UAS Drone included in its Form 10-K filed with the Commission for the fiscal year ended December 31, 2022.

13. **XTL Biopharmaceuticals Ltd.** (“XTL Biopharma”) is headquartered in Ramat Gan, Israel. Its public filings disclose that it is a biopharmaceutical company that focuses on the treatment of autoimmune diseases. KPMG Israel issued audit reports that XTL Biopharma included in its Form 20-Fs filed with the Commission for fiscal years ended December 31, 2021, and 2022.

14. **ZIM Integrated Shipping Services Ltd.** (“ZIM Integrated”) is headquartered in Matam, Israel. Its public filings disclose that it is a container liner shipping company. KPMG Israel issued audit reports that ZIM Integrated included in its Form 20-Fs filed with the Commission for fiscal years ended December 31, 2020, 2021, and 2022.

15. Each of the entities identified in paragraphs 2 through 14 was, at all relevant times, an “issuer” as that term is defined in Section 2(a)(7) of the Act and PCAOB Rule 1001(i)(iii).

C. Other Relevant Entities

16. **KPMG LLP** (“KPMG US”) is a public accounting firm headquartered in New York, New York. At all relevant times, KPMG US was a member firm of KPMG International, was registered with the Board pursuant to Section 102 of the Act and PCAOB rules, and participated in the KPMG Israel issuer audits described below.

D. Summary

17. This matter concerns KPMG Israel’s violations of PCAOB rules and standards in connection with its reporting on the participation of other accounting firms in issuer audits. Specifically, KPMG Israel filed 24 inaccurate Form APs from 2021 through 2023 in connection with 24 audits of 13 different issuer clients, in violation of PCAOB Rule 3211(a).

18. In addition, between 2021 and 2023, KPMG Israel violated PCAOB quality control standards related to engagement performance by failing to establish appropriate policies and procedures, including monitoring procedures, to provide reasonable assurance that the Firm’s audit professionals would accurately identify in required Form AP filings the accounting firms that participated in KPMG Israel audits and their percentage of participation.

E. KPMG Israel Filed 24 Inaccurate Form APs in Violation of PCAOB Rule 3211(a)

19. PCAOB Rule 3211 provides that each registered public accounting firm must provide information about engagement partners and other accounting firms that participate in audits of issuers by filing a Form AP, *Auditor Reporting of Certain Audit Participants*, for each audit report issued by the firm for an issuer.²

20. PCAOB Rule 3211(a) provides that, “[f]or each audit report it issues for an issuer, a registered public accounting firm must file with the Board a report on Form AP in accordance with the instructions to that form.”

² Form APs must be filed by the 35th day after the date the audit report is first included in a document filed with Commission, *see* PCAOB Rule 3211(b)(1), subject to a shorter filing deadline that applies when the audit report is first included in a registration statement filed under the Securities Act of 1933, as amended, *see* PCAOB Rule 3211(b)(2).

21. The instructions to Item 4.1 of Form AP “Part IV - Responsibility for the *Audit Is Not Divided*” require that an auditor who uses an “other accounting firm”³ that incurs more than 5% of the total audit hours “[s]tate the legal name of *other accounting firms* and the extent of participation in the *audit*” in its Form AP.⁴

22. The instructions to Item 4.2 of Form AP “Part IV - Responsibility for the *Audit Is Not Divided*” require that an auditor “[s]tate the number of *other accounting firm(s)* individually representing less than 5% of total audit hours” and “[i]ndicate the aggregate percentage of participation” by those other accounting firms.⁵

23. Form AP Item 3.2 notes that an other accounting firm participated in the audit if “the Firm assume[d] responsibility for the work and report of the *other accounting firm* as described in . . . AS 1205, *Part of the Audit Performed by Other Independent Auditors*,” or “the *other accounting firm* or any of its principals or professional employees was subject to supervision under AS 1201, *Supervision of the Audit Engagement*.”⁶

24. For 24 audits across 13 different issuers with fiscal years ending in 2020 through 2022, KPMG Israel filed Form APs that failed to accurately report information concerning other accounting firm participants in the audits.⁷ In particular, the Firm failed to file accurate Form APs in connection with the following:

- the Firm’s use of KPMG US to review and evaluate the Firm’s critical audit matters (“CAMs”) in 22 audits; and
- the Firm’s use and reporting of component auditors in two audits.

³ See General Instruction No. 2 of Form AP (“‘[O]ther accounting firm’ means (i) a *registered public accounting firm* other than the Firm; or (ii) any other *person* or entity that opines on the compliance of any entity’s financial statements with an applicable financial reporting framework”).

⁴ In the adopting release for PCAOB Rule 3211, the Board explained that information provided on Form AP was “intended to help investors understand how much of the audit was performed by the accounting firm signing the auditor’s report and how much was performed by other accounting firms,” and allow investors to “research publicly available information about the firms identified in the form, such as whether a participating firm is registered with the PCAOB, whether it has been inspected and, if so, what the results were and whether it has any publicly available disciplinary history.” See *Improving the Transparency of Audits: Rules to Require Disclosure of Certain Audit Participants on a New PCAOB Form and Related Amendments to Auditing Standards*, PCAOB Rel. No. 2015-008, at 4 (Dec. 15, 2015).

⁵ See Item 4.2 and Part IV of Form AP.

⁶ See Note to Item 3.2 of Form AP.

⁷ Each of the other accounting firm participants referenced in the Order meets the definition of an “other accounting firm” requiring reporting on Form AP in accordance with the instructions of Form AP. See Rule 3211(a) and *supra* note 3.

i. Audits Using a “CAM Hub”

25. In connection with preparing an audit report, “[t]he auditor must determine whether there are any [CAMs] in the audit of the current period’s financial statements.”⁸ A CAM is “any matter arising from the audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved especially challenging, subjective, or complex auditor judgment.”⁹

26. During the relevant audits, guidance followed by KPMG Israel required that another, specifically-designated KPMG International member firm review and evaluate certain CAMs that would be communicated in the auditor’s report prior to the issuance of the report. KPMG Israel referred to that designated member firm as a “CAM Hub.”

27. During the relevant audits, KPMG US, through its Department of Professional Practice (“US DPP”), served as the CAM Hub for KPMG Israel, and KPMG Israel used the US DPP to review and evaluate the CAM determinations that KPMG Israel would communicate in its auditor’s reports. As a result, KPMG US participated in the following 22 KPMG Israel audits (“CAM Hub Reviews”):

Issuer	Fiscal Year(s)
Camtek	2020, 2021
Citrine	2022
Ellomay	2020, 2021
MediWound	2021, 2022
My Size	2020, 2021, 2022
Nano Dimension	2021, 2022
Purple Biotech	2020, 2021
Silicom	2020
Tikcro Technologies	2020
UAS Drone	2022
XTL Biopharma	2021, 2022
ZIM Integrated	2020, 2021, 2022

28. Following each of the CAM Hub Reviews, KPMG Israel filed a Form AP. Despite utilizing the work of KPMG US in each of the 22 CAM Hub Reviews, KPMG Israel failed to report that participation in its Form AP filings for those audits.

⁸ AS 3101.11, *The Auditor’s Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion*.

⁹ *Id.*

29. Accordingly, KPMG Israel violated PCAOB Rule 3211(a) in connection with the 22 Form APs filed for the CAM Hub Reviews.

30. On July 31, 2023, KPMG Israel filed amended Form APs—one for each of the CAM Hub Reviews—to address KPMG US’s participation as an other accounting firm representing less than 5% of total audit hours.

ii. Audits Using Component Auditors

31. In connection with the audits of ICL Group’s 2020 financial statements (the “2020 ICL Group Audit”) and 2021 financial statements (the “2021 ICL Group Audit”) (collectively, the “ICL Group Audits”), KPMG Israel utilized audit work performed by another accounting firm that was not a member firm of KPMG International (the “Component Auditor”).

32. In turn, during the ICL Group Audits, the Component Auditor utilized one or more other accounting firms to perform inventory observation procedures. At the conclusion of each of the ICL Group Audits, the Component Auditor reported the other accounting firm(s) that it utilized in its audit work to KPMG Israel.

33. Following each of the ICL Group Audits, KPMG Israel filed a Form AP. In these Form AP filings, despite the Component Auditor utilizing the other accounting firm(s) to perform inventory observation procedures, KPMG Israel only reflected the participation of the Component Auditor on the relevant Form APs, and failed to report the other accounting firm(s) that participated in the ICL Group Audits.

34. Accordingly, KPMG Israel violated PCAOB Rule 3211(a) in connection with the Form APs for the ICL Group Audits.

35. Following reevaluation of its Form AP reporting, on November 29, 2023, KPMG Israel filed amended Form APs for both of the ICL Group Audits to report the participation of the other accounting firm(s)—as other accounting firms representing less than 5% of total audit hours—thereby increasing the reported number of firms individually representing less than 5% of total audit hours from four to seven for the 2020 ICL Group Audit, and from five to six for the 2021 ICL Group Audit.

F. KPMG Israel Violated PCAOB Quality Control Standards

36. PCAOB rules require that a registered firm comply with PCAOB quality control standards.¹⁰ Those standards require a firm to “have a system of quality control for its accounting and auditing practice.”¹¹ As part of this requirement, “[p]olicies and procedures should be established to provide the firm with reasonable assurance that the work performed

¹⁰ PCAOB Rule 3400T, *Interim Quality Control Standards*.

¹¹ QC § 20.01, *System of Quality Control for a CPA Firm’s Accounting and Auditing Practice*.

by engagement personnel meets applicable professional standards, regulatory requirements, and the firm's standards of quality."¹²

37. PCAOB quality control standards also recognize that monitoring procedures are necessary "to provide the firm with reasonable assurance that the policies and procedures relating to each of the other elements of quality control are suitably designed and are being effectively applied."¹³ Under PCAOB standards, monitoring involves an ongoing consideration and evaluation of, among other things, compliance with the firm's policies and procedures.¹⁴

38. From 2021 through 2023, KPMG Israel failed to establish and implement adequate policies and procedures, including monitoring procedures, to provide the Firm with reasonable assurance that the work performed by engagement personnel met applicable regulatory requirements related to accurately reporting on Form AP the participation, including the percentage of participation, of other accounting firms in issuer audits.

39. Although KPMG Israel had certain quality control policies and procedures relating to Form AP reporting in connection with the use of other accounting firms, the Firm failed to implement and monitor them in an adequate manner. As a result, the Firm filed inaccurate Form APs between 2021 and 2023 as described herein.

40. Accordingly, the Firm failed to comply with QC § 20 and QC § 30.

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), KPMG Israel 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 \$250,000 is imposed on KPMG Israel.
 - 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.

¹² QC § 20.17.

¹³ QC § 30.02, *Monitoring a CPA Firm's Accounting and Auditing Practice*; see also QC § 20.20.

¹⁴ See QC § 20.20.d; QC § 30.02.d.

2. The Firm shall pay this civil money penalty within ten (10) days of the issuance of this Order by: (a) wire transfer in accordance with instructions furnished by Board staff; or (b) United States Postal Service money order, bank money order, certified check, or bank cashier's check (i) made payable to the Public Company Accounting Oversight Board, (ii) delivered to the Office of Finance, Public Company Accounting Oversight Board, 1666 K Street, N.W., Washington D.C. 20006, and (iii) submitted under a cover letter, which identifies KPMG Israel 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. 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. Respondent understands that failure to pay the civil money penalty described above may result in summary suspension of its 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)(G) of the Act and PCAOB Rule 5300(a)(9), the Board orders that:
1. Review by KPMG Israel. Within three months of the date of this Order, KPMG Israel shall review and evaluate its quality control policies and procedures to assess whether those policies and procedures provide the firm with reasonable assurance that its personnel and other associated persons comply with PCAOB Rule 3211.
 2. Reporting. Within three months of the date of this Order, KPMG Israel shall submit a written report to the Director of the Division of Enforcement and Investigations summarizing the review and evaluation of the areas specified in paragraph C.1 above ("Report"). The Report shall describe any modified or additional policies or procedures adopted or to be adopted by KPMG Israel or, if KPMG Israel concludes no such modifications or additions should be adopted, a detailed and satisfactory explanation of why the Firm believes changes are not warranted. In addition, KPMG Israel shall submit any additional information and evidence concerning the Report, the information in the Report, and

KPMG Israel's compliance with this Order as the staff of the Division of Enforcement and Investigations may reasonably request.

3. Certificate of Implementation. Within six months of the date of this Order, the individual designated as KPMG Israel's Senior Partner shall certify in writing ("Certificate of Implementation") to the Director of the Division of Enforcement and Investigations that KPMG Israel has implemented all of the modifications and additions, if any, to its policies and procedures that were described in the Report. The Certificate of Implementation shall provide written evidence of KPMG Israel's adoption of such modifications and additions in narrative form, identify the actions taken to implement such modifications and additions, and be supported by exhibits sufficient to demonstrate implementation. KPMG Israel shall also submit such additional evidence of, and information concerning, implementation as the staff of the Division of Enforcement and Investigations may reasonably request.
4. Noncompliance. KPMG Israel understands that a failure to satisfy all applicable undertakings may constitute a violation of PCAOB Rule 5000 and 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 11, 2025