

ORDER

consents to entry of this Order Instituting Disciplinary Proceedings, Making Findings, and Imposing Sanctions ("Order") as set forth below.²

III.

On the basis of Respondent's Offer, the Board finds³ that:

A. Respondent

1. Berkman Özata, 45, is a former partner of the registered public accounting firm DRT Bagimsiz Denetim ve Serbest Muhasebeci Mali Musavirlik A.Ş. ("Deloitte Turkey" or "Firm"). Özata served as the Risk and Reputation Leader for Deloitte Turkey between June 2016 and August 2016, and also served as the Firm's National Professional Practice Director between March 2010 and June 2016. On or about August 19, 2016, Özata was placed on administrative leave due to the misconduct described in this Order, and on January 1, 2017, after declining the possibility of accepting a non-audit position at the Firm, Özata separated from the Firm. At all relevant times, Özata was an associated person of a registered public accounting firm as that term is defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i).

B. Respondent Violated Applicable PCAOB Rules and Standards in Connection with a Board Inspection

Applicable PCAOB Rules and Standards

2. In connection with the preparation or issuance of an audit report, PCAOB rules require that associated persons of registered public accounting firms comply with applicable auditing and related professional practice standards.⁴ Auditing Standard No.

² 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.

³ The Board finds that Respondent's conduct described in this Order meets the condition set out in Section 105(c)(5)(A) of the Act, which provides that certain sanctions may be imposed in the event of intentional or knowing conduct, including reckless conduct, that results in violation of the applicable statutory, regulatory, or professional standard.

⁴ See PCAOB Rule 3100, *Compliance with Auditing and Related Professional Practice Standards*. All references to PCAOB rules and standards are to the versions of those rules and standards in effect at the time of the relevant conduct. As of December 31, 2016, the PCAOB reorganized its auditing standards using a topical structure and a single, integrated numbering system. See *Reorganization of*

ORDER

3, *Audit Documentation* ("AS3"), requires that the complete and final set of documentation for an audit be assembled for retention by the "documentation completion date," a date no later than 45 days from the date on which the auditor grants permission to use its report.⁵ After the documentation completion date, audit documentation must not be deleted or discarded from the audit file, but it may be added as long as the auditor documents the date the information was added, the name of the person who prepared the additional documentation, and the reason for adding the documentation.⁶

3. PCAOB Rule 4006, *Duty to Cooperate with Inspectors*, requires registered firms and their associated persons to cooperate with inspections conducted by the Board. The cooperation requirement of Rule 4006 includes an obligation "not to provide misleading documents or information in connection with the Board's inspection processes."⁷

Respondent's Violations of PCAOB Rules and Standards in Connection with the 2014 Board Inspection

4. The Board conducted an inspection of Deloitte Turkey in 2014. This was the first PCAOB inspection of Deloitte Turkey. On or about August 28, 2014, the Board's Division of Registration and Inspections ("Inspections") informed the Firm that its work in connection with three particular issuer audits would be inspected. At the time Inspections notified the Firm of the engagements it had selected for inspection, the documentation completion date for each of the audits had long passed.⁸

PCAOB Auditing Standards and Related Amendments to PCAOB Standards and Rules, PCAOB Rel. No. 2015-002 (Mar. 31, 2015); see also *PCAOB Auditing Standards Reorganized and Pre-Reorganized (Jan. 2017)*, <https://pcaobus.org/Standards/Auditing/Documents/ReorganizedandPreReorganizedNumbering.pdf>.

⁵ AS3 ¶ 15.

⁶ See id. ¶ 16.

⁷ *Deloitte Touche Tohmatsu Auditores Independentes*, PCAOB Rel. No. 105-2016-031, ¶ 62 (Dec. 5, 2016); *José Domingos do Prado*, PCAOB Rel. No. 105-2016-032, ¶ 55 (Dec. 5, 2016); *Arturo Vargas Arellano, CPC*, PCAOB Rel. No. 105-2016-045, ¶ 38 (Dec. 5, 2016).

⁸ One issuer filed its Form 20-F with the U.S. Securities and Exchange Commission ("SEC") on March 21, 2014, and thus the document completion date for that audit was May 5, 2014. The other two issuers filed Form 10-Ks with the SEC on

ORDER

5. Following the PCAOB's notification of the engagements it had selected for inspection, Özata participated in a series of discussions with other senior members of the Firm regarding the upcoming inspection. During those discussions, a partner, who was senior to Özata, approved a plan concerning the audit documentation for the engagements selected for inspection (the "previously archived work papers"). Under that plan, the engagement teams would be given the opportunity, in advance of the PCAOB's inspection, to improperly alter the previously archived work papers without indicating to the PCAOB that any such alterations had occurred.

6. After the decision to provide the engagement teams with the opportunity to make improper alterations, the Firm's information technology ("IT") department downloaded the previously archived work papers for each of the three engagements onto a separate laptop computer. Each of the laptops was disconnected from the Deloitte Turkey network so that previously archived work papers could be improperly altered and the laptops' time and date settings could be backdated without detection. Özata provided one of the laptops to the engagement partner for one of the engagements that had been selected for inspection ("Engagement A").⁹ He also participated in a test to ensure that any improper alterations could not be detected after the work papers were restored to Deloitte Turkey's network and returned to the Firm's work paper archiving system. After Özata confirmed that alterations could not be detected, the engagement partner for Engagement A improperly altered several previously archived work papers.¹⁰

7. Özata then facilitated the transfer of the file containing the improperly altered work papers for Engagement A to the Firm's IT department so that the file could be replaced on the Deloitte Turkey network and made available to the PCAOB's inspectors. During the PCAOB inspection, Özata had discussions with the PCAOB inspectors but did not inform them of the plan to provide engagement teams with the opportunity to improperly alter their previously archived work papers in advance of the inspection or inform them of the improper alterations to the previously archived work papers for Engagement A.

February 28, 2014 and June 5, 2014, respectively and thus the document completion dates for those audits were April 14, 2014 and July 20, 2014, respectively.

⁹ In Engagement A, Deloitte Turkey had performed audit work for the Turkish subsidiary of an issuer for the fiscal year ended December 31, 2013.

¹⁰ See Şule Firuzment, PCAOB Release No. 105-2017-052 (Dec. 19, 2017).

ORDER

8. Özata's actions violated PCAOB audit documentation standards and his duty to cooperate with Inspections.¹¹

* * * * *

9. During the PCAOB's investigation of this matter, Ozata provided substantial assistance by, among other things, providing detailed information concerning the events relating to the alteration of the Engagement A work papers, including significant information concerning the actions of the Firm and its personnel in this matter.¹² The Board took that substantial assistance into account in ordering the sanctions under Section IV of this Order.

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), Berkman Özata is censured;
- B. Pursuant to Section 105(c)(4)(C) of the Act and PCAOB Rule 5300(a)(2), Berkman Özata is barred from being an associated person of a registered public accounting firm as that term is defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i);¹³ and

¹¹ See AS3 ¶ 16; PCAOB Rule 4006.

¹² See "Policy Statement Regarding Credit for Extraordinary Cooperation in Connection with Board Investigations," Apr. 24, 2013.

¹³ As a consequence of the bar imposed in this Order, the provisions of Section 105(c)(7)(B) of the Act will apply with respect to Özata. Section 105(c)(7)(B) provides: "It shall be unlawful for any person that is suspended or barred from being associated with a registered public accounting firm under this subsection willfully to become or remain associated with any issuer, broker, or dealer in an accountancy or a financial management capacity, and for any issuer, broker, or dealer that knew, or in the exercise of reasonable care should have known, of such suspension or bar, to permit such an association, without the consent of the Board or the Commission."

ORDER

- C. After two (2) years from the date of this Order, Berkman Özata may file a petition, pursuant to PCAOB Rule 5302(b), for Board consent to associate with a registered public accounting firm.

ISSUED BY THE BOARD.

/s/ Phoebe W. Brown

Phoebe W. Brown
Secretary

December 19, 2017