

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 82861 / March 13, 2018**

**ACCOUNTING AND AUDITING ENFORCEMENT**  
**Release No. 3928 / March 13, 2018**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-18401**

**In the Matter of**

**DELOITTE & TOUCHE**  
**CHARTERED ACCOUNTANTS**

**Respondent.**

**ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER AND REMEDIAL SANCTIONS**

**I.**

The Securities and Exchange Commission (“Commission” or “SEC”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Deloitte & Touche Chartered Accountants (“Respondent” or “Deloitte Zimbabwe”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”), which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing A Cease-and-Desist Order, and Remedial Sanctions (“Order”), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

#### A. SUMMARY

These proceedings arise out of Deloitte Zimbabwe's playing a substantial role in the audits of Issuer A from 2006 until 2012 without being registered with the Public Company Accounting Oversight Board ("PCAOB").

#### B. RESPONDENT

**Deloitte & Touche Chartered Accountants** is an accounting firm located in Zimbabwe that is a member firm of Deloitte Touche Tohmatsu Limited, a private company located in the United Kingdom. Deloitte Zimbabwe has never been registered with the PCAOB.

#### C. OTHER RELEVANT ENTITIES

**Issuer A** is a company that is incorporated in Canada with its principal executive offices in South Africa. Issuer A's securities are registered with the Commission pursuant to Section 12(b) of the Securities Exchange Act of 1934 ("Exchange Act"), and were previously registered with the Commission pursuant to Section 12(g) of the Exchange Act. Issuer A files periodic reports, including Form 20-F, with the Commission pursuant to Section 13(a) of the Exchange Act and related rules thereunder.

**BDO Canada LLP ("BDO Canada")** is a public accounting firm registered with the PCAOB and located in Toronto, Canada. BDO Canada is a member of a global accounting network. From at least 2006 until 2012, BDO Canada was the principal auditor of Issuer A and signed the audit reports on Issuer A's financial statements.

#### D. FACTS

From at least 2006 until 2012, Issuer A's financial statements were audited by BDO Canada which, as Issuer's A principal auditor, signed and issued the independent auditor's reports on Issuer A's financial statements. During this same period, Issuer A's largest subsidiary, located in Africa, accounted for the majority of Issuer A's consolidated assets and revenues. For example, for fiscal year 2011, this specific African subsidiary accounted for approximately 64 and 100 percent of Issuer A's consolidated total assets and revenues, respectively. Deloitte Zimbabwe performed audit services for Issuer A by auditing the financial statements of this subsidiary.

The U.S. securities laws and the PCAOB rules<sup>1</sup> require that accounting firms register with the PCAOB if they "prepare[] or issue[] any audit report with respect to any issuer" or "play[] a

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<sup>1</sup> The references to PCAOB standards and applicable provisions of the U.S. securities laws are to those that were in effect at the time of the relevant conduct.

substantial role in the preparation or furnishing of an audit report with respect to any issuer.” *See* Section 102 of the Sarbanes-Oxley Act of 2002 and PCAOB Rule 2100. An accounting firm plays a substantial role and is thus required to register when it: (1) “perform[s] material services that a public accounting firm uses or relies on in issuing all or part of its audit report;” or (2) “perform[s] the majority of the audit procedures with respect to a subsidiary or component of any issuer the assets or revenues of which constitute 20% or more of the consolidated assets or revenues of such issuer necessary for the principal auditor to issue an audit report.” *See* PCAOB Rule 1001(p)(ii).

For a period of six years, Deloitte Zimbabwe played a substantial role in the preparation of audit reports for Issuer A having audited most of Issuer A’s assets and substantially all of its revenues. As such, Deloitte Zimbabwe was required to be registered with the PCAOB. However, Deloitte Zimbabwe failed to register with the PCAOB.

#### **E. DELOITTE ZIMBABWE’S COOPERATION**

In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by Respondent and cooperation afforded the Commission staff.

#### **F. VIOLATIONS**

Section 102 of the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley”) makes it unlawful for any person that is not a registered public accounting firm to participate in the preparation or issuance of, any audit report with respect to any issuer. By participating in the preparation of audit reports for Issuer A, Deloitte Zimbabwe violated Sarbanes-Oxley Section 102.

### **IV.**

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Deloitte Zimbabwe’s Offer.

Accordingly, it is hereby ORDERED that:

- A. Deloitte Zimbabwe shall cease and desist from committing or causing any violations and any future violations of Sarbanes-Oxley Section 102; and
- B. Deloitte Zimbabwe shall, within 60 days of the entry of this Order, pay disgorgement of \$83,077.84, and prejudgment interest of \$15,979.50, for a total of \$99,057.34 for transfer to the general fund of the United States Treasury, subject to Exchange Act 21F(g)(3). If timely payment of disgorgement is not made, additional interest shall accrue pursuant to SEC Rules of Practice 600. Payment must be made in one of the following ways:
  - (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Deloitte Zimbabwe as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Amy L. Friedman, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549-5010.

C. Respondent acknowledges that the Commission is not imposing a civil penalty based upon its cooperation in a Commission investigation. If at any time following the entry of the Order, the Division of Enforcement ("Division") obtains information indicating that Respondent knowingly provided materially false or misleading information or materials to the Commission, or in a related proceeding, the Division may, at its sole discretion and with prior notice to the Respondent, petition the Commission to reopen this matter and seek an order directing that the Respondent pay a civil money penalty. Respondent may contest by way of defense in any resulting administrative proceeding whether it knowingly provided materially false or misleading information, but may not: (1) contest the findings in the Order; or (2) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

By the Commission.

Brent J. Fields  
Secretary