

## Public Statement

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# Statement on Charges Against Former KPMG and PCAOB Personnel

Chairman Jay Clayton

**Jan. 22, 2018**

Today, the U.S. Department of Justice and the SEC initiated enforcement actions against six former KPMG LLP and PCAOB personnel related to an alleged misappropriation of confidential PCAOB inspection information. More information relating to allegations can be found in the Orders Instituting Proceedings ([Order 1](#), [Order 2](#)) and the accompanying press release.

The alleged conduct is disturbing, and I support the SEC's enforcement action. Audited financial statements are at the heart of the SEC's disclosure-based regulatory regime: a company's financial statements provide investors with a wealth of material information, and independent audits give investors confidence that those statements can be trusted. The PCAOB is a critical part of the oversight of our local, national, and international capital markets, in that it helps to promote high-quality audits of the financial statements of issuers and broker-dealers, upon which investors rely.

In matters of this type, I am also concerned about potential adverse collateral effects, including on our Main Street investors. Based on discussions with the SEC staff, I do not believe that today's actions against these six individuals will adversely affect the ability of SEC registrants to continue to use audit reports issued by KPMG in filings with the Commission or for investors to rely upon those required reports. I do not expect that these actions will adversely affect the orderly flow of financial information to investors and the U.S. capital markets, including the filing of audited financial statements with the Commission.

I have asked the SEC staff to monitor this matter closely and to stand ready to work with issuers to ensure that collateral effects, if any, to issuers and, in particular, their shareholders are minimized.

As to the PCAOB, I understand that when the alleged breaches were first discovered, the Board members and staff at the time took remedial action, including with respect to the PCAOB's internal information technology and security controls. I have asked Chairman Duhnke to review the prior assessment and to take further action, if necessary.

Registrants and investors who have additional questions or concerns may contact the SEC at 202-551-4120 and [news@sec.gov](mailto:news@sec.gov).