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KPMG TO PAY \$8.2 MILLION TO SETTLE SEC CHARGES

KPMG will pay \$8.2 million to settle allegations it broke rules that require auditors to be independent from clients in order to maintain objectivity and impartiality, the SEC said Friday.

Accounting firm KPMG LLP agreed to pay \$8.2 million to settle allegations it broke rules that require auditors to be independent from clients to maintain objectivity and impartiality, the Securities and Exchange Commission said Friday.

The SEC said KPMG broke auditor independence rules by providing services such as bookkeeping and expert services to affiliates of companies whose books it was auditing. Some KPMG personnel also owned stock in companies or affiliates of companies that were KPMG audit clients, another violation, the SEC said.

KPMG neither admitted nor denied the allegations, the SEC said.

Since the investigation, KPMG has made internal changes to ensure its ability to comply with SEC independence rules, the firm said in a statement Friday.

The SEC said KPMG repeatedly claimed that it was independent in audit reports, even though it was providing services to three audit clients at various times between 2007 and 2011 that undermined that claim. The SEC didn't identify the clients.

Additionally, KPMG hired a retiree from one of its audit client's affiliates and then lent him back to the company in a similar role, the SEC said.

In a separate report, the SEC warned audit firms that they are not permitted to loan staff to audit clients as if the staff were employees of those companies.



“Auditors are vital to the integrity of financial reporting, and the mere appearance that they may be conflicted in exercising independent judgment can undermine public confidence in our markets,” said John T. Dugan, associate director for enforcement in the SEC's Boston Regional Office.

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