



*Summary of Accounting and
Auditing Enforcement Releases
for the Quarter Ended
September 30, 2024*

Q 3 R E P O R T 2 0 2 4

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Introduction and Our Objective

We are pleased to present you with our summary of the U.S. Securities and Exchange Commission’s (“SEC,” “Commission”) Division of Enforcement’s Accounting and Auditing Enforcement Releases (“AAERs”) for the quarter ended September 30, 2024.

As an independent consulting firm with financial and accounting expertise, we are committed to contributing thought leadership and relevant research regarding financial reporting matters that will assist our clients in today’s fast-paced and demanding market. This report is just one example of how we continue to fulfill this commitment.

The Division of Enforcement at the SEC is a law enforcement agency established to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. As such, the actions it takes and the releases it issues provide useful interpretations and applications of the securities laws.

For those involved in financial reporting, SEC releases concerning civil litigation and administrative actions that are identified as related to accounting and auditing are of particular importance. Our objective is to summarize and report on the major items disclosed in the AAERs, while also providing useful insights that the readers of our report will find valuable.

We welcome your comments and feedback, especially requests for any additional analysis you would find helpful.

Floyd Advisory
OCTOBER 2024

Highlights:

- The SEC released a total of 17 AAERs in Q3 2024 totaling more than \$122 million in penalties. While the number of releases this quarter is the most of any quarter this fiscal year, it reflects the lowest number of third quarter releases since at least 2000.
- The SEC issued five Financial Reporting Fraud related releases resulting in more than \$112 million in penalties, accounting for over 90% of penalties issued this quarter. The issues in these releases range from misleading disclosures made in company financial statements to materially misstated financial statements.
- The SEC issued one Foreign Corrupt Practices Act ("FCPA") related AAER this quarter, only the second of fiscal year 2024. The release alleges a manufacturing company received multiple government tenders due to various bribery schemes, including making payments to officials and recording them as legitimate expenses. The company allegedly violated the anti-bribery, books and records, and accounting controls provisions of the FCPA and was ordered to pay penalties of nearly \$10 million.
- Notably, the SEC continues to consider and acknowledge cooperation and remedial efforts. One company that allegedly failed to sufficiently maintain internal controls in relation to accounting for and disclosing information about its regulatory assets and liabilities avoided penalties altogether due to its cooperation. Another company that allegedly failed to properly assess systematic processes that were relied on for financial reporting will avoid 75% of the total potential penalties imposed if it complies with the undertakings and remedial efforts outlined by the SEC.
- Our Recommended Reading section this quarter examines a Financial Reporting Fraud release related to the auditor of a cryptocurrency exchange and its alleged accounting failures, as well as separate issues identified by the SEC in prior years related to the firm's independence. This section provides an overview of the accounting firm, the issues identified by the SEC, and takeaways that other firms can take to avoid similar problems.

OUR PROCESS AND METHODOLOGY

The AAERs issued by the SEC are defined as financial reporting-related enforcement actions concerning civil lawsuits brought in federal court and notices and orders concerning the institution and/or settlement of administrative proceedings related to an individual, an accounting firm, or a company. The AAERs are intended to highlight certain actions and are not meant to be a complete and exhaustive compilation of all actions that may fit into the definition above. To meet our objective of summarizing the major items reported in the AAERs, we reviewed the releases identified and disclosed by the SEC on its website, www.sec.gov.

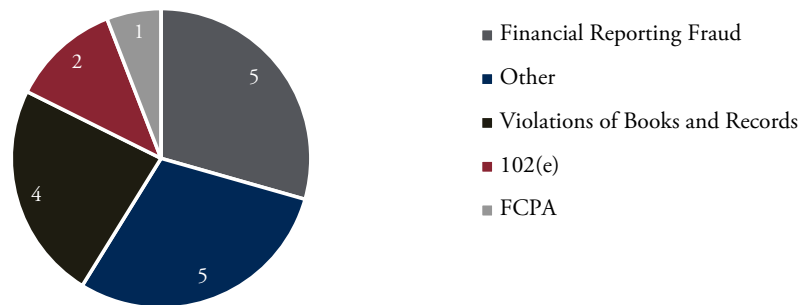
As part of our review, we gathered information and key facts, identified common attributes, and noted trends. Applying our professional judgment to the information provided by the SEC, we sorted the releases into major categories (i.e., Rule 102(e) Actions, Violations of Books and Records, Financial Reporting Fraud, Reinstatements to Appear and Practice before the SEC, FCPA Violations, and Other¹). When a release included more than one allegation, admission, or violation, we categorized the release based on the most significant issue. Based on this process and methodology, we prepared a database of the key facts contained in each release.

¹ AAERs categorized as "Other" are generally related to certain logistical aspects of SEC proceedings, such as orders regarding scheduling, decision extensions, status reports, and alternative methods of communication.

The Q3 2024 AAERs: Summary by Category and Insights from the Releases

The SEC released 17 AAERs during Q3 2024. Financial Reporting Fraud releases and “Other” were tied for the most prevalent category, followed closely by Violations of Books and Records releases. There were no Reinstatements this quarter, as depicted in the graph below:

Q3 2024 AAERs by Category



While our categorical breakdown is analytically useful, a closer look at examples of specific matters for each category provides a clearer understanding of the SEC’s areas of focus each quarter as an enforcement agency.

Financial Reporting Fraud

Five AAERs were categorized as Financial Reporting Fraud this quarter. One release is described in detail in our Recommended Reading section, while three others are summarized here:

- The Commission obtained a final judgment against the former CFO and former VP of Operations of a seismic data company for their role in a multimillion-dollar accounting fraud.*** According to the litigation release and related AAERs, the former CFO and former VP of Operations, along with two other former executives, caused the company to file materially false and misleading public statements. Together, the four individuals improperly recorded revenue related to a series of acquisition contracts totaling approximately \$140 million with a purportedly unrelated Alaskan-based company. However, that Alaskan-based company was controlled by the two former executives involved in this scheme who were charged separately from the former CFO and former VP of Operations that this release relates to. The group collectively allegedly inflated the company’s revenue by approximately \$100 million despite the Alaskan company’s inability to make payment on the contracts. In addition, the former CFO allegedly stole additional company funds through a fictitious invoice scheme. The former CFO was ordered to pay disgorgement and prejudgment interest in the amount of approximately \$8.3 million, while the former VP of Operations was ordered to pay disgorgement and prejudgment interest in the amount of \$260,000.

“In every generation since the SEC’s founding 90 years ago, our Commission has updated rules to meet the markets and technologies of the times. We work to promote the efficiency, integrity, and resiliency of the markets. We do so to ensure the markets work for investors and issuers alike, not the other way around. We benefit in all of our work from robust public input regarding proposed rule changes.”

Gary Gensler

SEC Chair

July 8, 2024

Statement on the Spring 2024
Regulatory Agenda

- The Commission charged an energy company with fraud for participating in a multi-year political corruption scheme involving payments to an entity controlled by a public official in exchange for favorable actions.*** The company is a public utility holding company based in Akron, Ohio. In 2016, the company reported a bleak outlook for its energy generation business. In response to these projections, the company executives began working with an Ohio House Representative to draft nuclear legislation to further its own interests and those of its subsidiaries. The release alleges that between 2017 and 2020, the company and its affiliates made approximately \$60 million in payments to a charity controlled by the political official in exchange for specific legislative action that benefitted the company. The political official was criminally charged and the SEC found that the company failed to keep accurate books and records and failed to devise and maintain an adequate system of internal accounting controls. The SEC imposed a civil money penalty of \$100 million, despite the company's cooperation and implementation of various remedial measures.
- The Commission brought an action against a PCAOB-registered accounting firm as well as its CEO for enabling and concealing a massive, multi-year fraudulent scheme.*** The SEC alleges that the Nigerian-based CEO and his firm enabled and concealed a scheme perpetrated by a separate individual through three U.S. companies. The alleged scheme involved recording billions of dollars' worth of fabricated transactions, non-existent assets and revenues, and fake cash balances on the books of one of the entities. As a result of the alleged scheme, each of the three U.S. companies overstated its revenues, income, and assets in its filings with the Commission and other public financial disclosures. The accounting firm served as the external auditor for each company for close to the entirety of the fraud's duration. From 2019 to 2021, the release alleges that the firm issued clean, unmodified opinions attesting to the fair presentation of the inaccurate financial statements and that the CEO and his firm failed to act upon discovering fake audit reports included in each client's SEC filings, bearing the accounting firm CEO's signature. The complaint seeks civil penalties and a permanent ban against the firm from acting as auditors for U.S. public companies. The litigation release notes that the SEC's investigation is still ongoing.

"Market confidence is tied to the basic presumption that audits of public companies are the product of a process that meets the high standards required by law."

Jaime Lizárraga

SEC Commissioner

August 20, 2024

Modernizing General
Responsibilities Auditing Standards

Violations of Books and Records

This quarter we categorized four AAERs as Violations of Books and Records, a category that includes alleged improper accounting treatments and internal control problems deemed worthy of an enforcement action but not warranting categorization as financial reporting fraud. Examples of two releases this quarter are summarized below:

- The Commission imposed a cease-and-desist order against an energy company for failing to maintain adequate books and records.*** The company, a former special purpose acquisition company, became an operating company in 2018 after acquiring two oilfield-services companies (the “acquired companies”) in the Middle East and North Africa. In 2022, it identified significant deficiencies in the acquired companies’ accounting and controls. Specifically, the company identified significant accounting errors related to expense accruals and accounts payable, and unsupported balances in other accounts. As a result of the issues identified, the company publicly disclosed that its 2018, 2019, and 2020 financial statements should no longer be relied upon. An independent committee formed by the Audit Committee performed an investigation and concluded that the accounting errors were caused by “pervasive, systematic deficiencies in the company’s systems, processes, controls, and resources, including supply chain, finance, and accounting” and were primarily related to the acquired companies’ legacy practices prior to being acquired. In 2023, the company implemented a formal remediation plan and filed a multi-year financial statement restatement. For 2020 alone, the company’s current liabilities increased by approximately 21.3% and retained earnings decreased by 75.6%. The Commission imposed a cease-and desist order against the company and ordered it to pay a civil penalty of \$400,000. The company is also subject to additional penalties of \$1.2 million if it does not fully complete its remediation plan, including public disclosure of such plan, within one year.
- A publicly traded utility company was charged by the SEC for failure to maintain accounting controls that accurately reported the company’s derivatives.*** The utility company, headquartered in Oregon, is engaged in the generation, wholesale purchase, transmission, distribution, and retail sale of electricity to customers in Oregon. To manage fluctuations in the cost of providing electricity to its customers, the company trades in derivative instruments. The release alleges that in early 2020, the company’s trading group expanded the company’s trades to power markets in other areas of the United States and in August 2020, the company sustained \$127 million of losses on its derivatives. Further, the release alleges that beginning in at least 2018, the company’s internal controls were not sufficient to reasonably assure that the derivative transactions were recorded as required under GAAP, and, as a result, the company’s accounting group was not able to identify that there was a significant shift in the company’s trading strategy that began in early 2020. The SEC noted substantial cooperation by the company and its extensive remedial measures undertaken, including forming an independent special committee of its Board of Directors to investigate the 2020 losses, revising its policies and procedures related to trading strategies, and adding a manager to the accounting department to oversee the derivative trading process and its impact on company accounting. As a result of these remedial measures and the company’s cooperation, the Commission did not impose a civil penalty against the company.

“Without high-quality audits, investors won’t receive complete and truthful financial disclosures. Without strong quality control systems, auditors can’t consistently conduct high-quality audits.”

Gary Gensler

SEC Chair

September 9, 2024

Statement on Quality Control in Auditing

Rule 102(e) Actions

The SEC released two AAERs this quarter related to Rule 102(e) Actions, which involve the temporary or permanent censure and denial of the privilege of appearing or practicing before the SEC. Below is a summary of both:

- ***The Commission suspended a New York-licensed attorney for failing to independently verify information included in his legal letters resulting in materially false and/or misleading representations.*** From July 2016 to September 2021, the individual was engaged as corporate counsel to an energy company. In this capacity, he signed and issued ten legal letters that contained his opinion on various disclosure reports issued by the company that broker-dealers relied on to quote the company's stock. The release alleges that, despite observing inconsistencies and inaccuracies in various company disclosure reports that made him feel uncomfortable, he continued to issue and sign legal letters for the company during the relevant period. Furthermore, the individual knew or should have known that his legal letters contained materially false and/or misleading representations and failed to conduct himself in a manner expected of an attorney when he "failed to independently verify information" and "failed to conduct further, adequate inquiries when confronted with red flags that should have alerted him to inconsistencies and inaccuracies regarding certain representations made in his [letters]." The SEC suspended the individual from appearing or practicing before the SEC as an attorney. He may apply for reinstatement after one year.
- ***The Commission suspended a former CFO for making non-GAAP compliant journal entries.*** The former CFO, who was a licensed CPA in Oregon, served as the CFO and Vice President of Finance of a consulting company between 2008 and 2016. The Commission's complaint alleges that the former CFO improperly allocated workers' compensation expenses across unrelated expense accounts, resulting in underreported workers' compensation expense of \$3.9 million in 2012 and \$11.9 million in 2013, violating GAAP. The former CFO has been denied the privilege of appearing or practicing before the Commission as an accountant.

Of note, we categorized five AAERs this quarter as "Other" as they relate to the dismissal or termination of prior Rule 102(e) related Actions. These releases may indicate a broader trend in the dismissal of charges against individuals accused of accounting misconduct, a byproduct of a recent Supreme Court decision relating to the SEC's use of in-house tribunals in lieu of trials before a jury.

In the past, the SEC has enforced securities fraud and other violations through the use of in-house tribunals, particularly Rule 102(e) Actions that censure or bar an individual for misconduct. In June 2024, the Supreme Court ruled that the use of in-house tribunals in cases where the SEC seeks fines for fraud violates the United States Constitution's Seventh Amendment right to a jury trial.² Based on the five dismissed or terminated Rule 102(e) Actions this quarter, it appears that the SEC may voluntarily limit its in-house enforcement activity moving forward as a result of the ruling.³

"Well-functioning financial markets are built on trust. Critical to such trust are disclosures — including financial statement disclosures that issuers and broker-dealers make to the investing public."

Gary Gensler

SEC Chair

Opening Statement on Auditing Standards and Rules

August 20, 2024

² See The New York Times "Again Curbing Regulatory Agencies, Supreme Court Rejects S.E.C.'s Tribunals" at <https://www.nytimes.com/2024/06/27/us/politics/supreme-court-sec-tribunal.html>.

³ See Reuters "US SEC abandons in-house malpractice suits after Supreme Court ruling" at <https://www.reuters.com/legal/us-sec-abandons-in-house-malpractice-suits-after-supreme-court-ruling-2024-09-05/>.

FCPA Violations

There was one FCPA-related release in Q3 2024, resulting in more than \$9 million in penalties. Below is a summary of the release:

- An agricultural machinery manufacturing company was charged by the Commission for making improper payments to foreign officials as well as violating FCPA provisions related to maintaining proper books and records and internal controls.*** The company, based in Moline, Illinois, is a global manufacturer of machinery and heavy equipment registered with the New York Stock Exchange. In December 2017, the company acquired a privately held company headquartered in Germany that manufactures road equipment. The acquired company's Thailand office regularly entertained government officials in Thailand, which was in violation of their code of conduct. The Commission also alleges that the company entertained Royal Thai Airforce ("RTAF") officials in exchange for information about the tender process and bidding requirements for tenders the company was actively bidding on. In addition, the company incurred entertainment related expenses to host the Department of Highway ("DOH") committee in order to influence the outcome of upcoming DOH tenders. These improper actions were approved by the company's managing director and the subsidiary's managing director for Southeast Asia, and the expenses were recorded as legitimate business expenses. Another aspect of the bribery scheme related to cash payments. From 2018 to 2020, the Thailand office made direct cash payments and payments through a third-party agent to the RTAF, DOH, and others, to obtain business. As a result of these actions, the SEC alleges that the company derived approximately \$4.3 million in improper benefits. The Commission notes the company's cooperation with their investigation and the prompt remedial actions including terminating the employees responsible for the bribes, revising its code of conduct, circulating more materials on compliance issues, instituting additional anti-bribery trainings, and making improvements to its internal audit process and compliance program. The Commission ordered the company to pay civil penalties of \$4.5 million, disgorgement of approximately \$4.3 million, and prejudgment interest of approximately \$1.1 million.

"Audit deficiencies reported by Board inspectors in recent years suggest that some firms' QC systems are not providing reasonable assurance that their personnel comply with the firm's standards of quality."

Jaime Lizárraga

SEC Commissioner

September 9, 2024

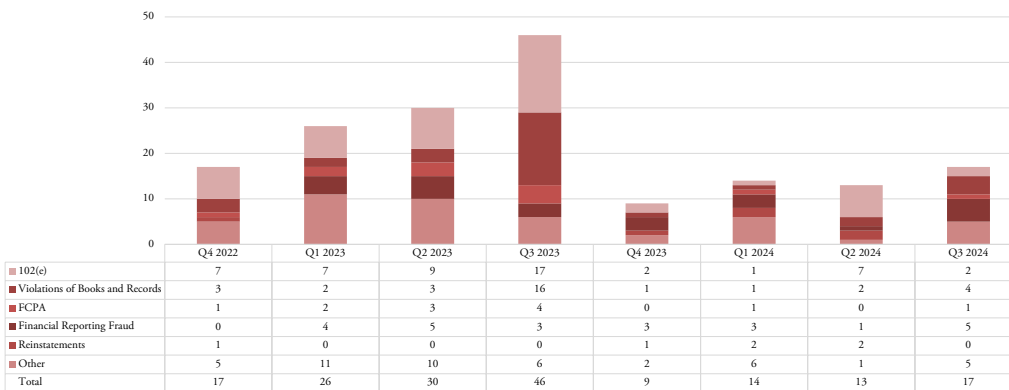
Modernizing Audit Firm Quality
Control Standards

Prior Period Comparison: Quarter to Quarter

As described in the section titled “Our Process and Methodology,” AAERs are intended to highlight certain actions, and they do not represent an exhaustive and complete compilation of all actions that fit into the definitions provided by the SEC for the various AAER classifications. With that said, comparisons of the number of AAERs between periods can be a useful gauge of the SEC’s activities.

The following chart reflects quarterly totals for each category over the past eight quarters.

Quarter to Quarter AAER Comparison
Q4 2022 through Q3 2024



Based on the releases during this period, we made the following observations:

- The number of AAERs released in Q3 continues to exceed the number of releases in each of the preceding two quarters during the same fiscal year. However, the total number of releases this quarter (17) is notably lower than the average number of Q3 releases for the past five years (39).
- Financial Reporting Fraud-related releases account for 29% of this quarter’s releases, an increase from the average percentage (12%) across the seven preceding quarters.
- There were two FCPA-related releases in fiscal year 2024 (4% of total releases), a significant decrease from the ten FCPA-related in fiscal year 2023. The percentage of FCPA-related releases to total releases this quarter, 4%, is also lower than previous quarters that had FCPA-related releases, which ranged from 6% to 10% between Q4 2022 and Q3 2024.
- In contrast to the 40 total releases categorized as Rule 102(e) Actions in the SEC’s fiscal year 2023, 17 of which were issued within Q3 2023, there were only 12 Rule 102(e) Actions released during the SEC’s fiscal year 2024, and only two this quarter.

“The work of the Division of Enforcement is central to the SEC’s investor protection role. The Division conducts investigations into possible violations of the federal securities laws and litigates enforcement actions in the federal courts and in administrative proceedings.”

SEC Chair Gary Gensler and SEC Commissioners Hester M. Peirce, Caroline A. Crenshaw, Mark T. Uyeda, and Jaime Lizárraga

September 24, 2024

Testimony of the Securities and Exchange Commission Before the United States House of Representatives Committee on Financial Services

Notable Q3 2024 AAER for “Recommended Reading”

While reviewing all the SEC’s AAERs would prove insightful, certain releases present information that is especially worthy of further review and analysis by those involved with financial reporting matters. We grant these particular releases the distinction of “Recommended Reading.” This quarter, we chose to highlight a Financial Reporting Fraud release related to the auditor of a cryptocurrency exchange.

Accounting and Auditing Enforcement Release No. 4520 / September 18, 2024, In the Matter of Prager Metis CPAs, LLC

The Importance of Independence

Background

Prager Metis CPAs, LLC (“Prager” or “the Firm”) is an international advisory and accounting firm headquartered in New York that serves a variety of industries including asset management, fashion, healthcare, and real estate.⁴

Prager was charged by the SEC for violating audit standards in connection with a number of audits, including the audit of FTX Trading Ltd. (“FTX”). While the specific release issued by the SEC this quarter is related to the negligence-based fraud of the FTX audit, this section also describes prior SEC findings against the Firm including, but not limited to, violations of auditor independence standards in certain audits, reviews, and examinations between December 2017 and October 2020.

FTX Audits

The release this quarter alleges that between February 2021 and April 2022, Prager issued two audit reports for FTX that falsely stated the audits complied with generally accepted auditing standards (“GAAS”). Prager’s audits had several flaws; first, it failed to adequately assess whether it had the capacity and competency to perform each audit. Additionally, Prager failed to understand the increased risk that was caused by the relationship between FTX and Alameda Research LLC, an entity controlled by FTX’s CEO at the time.

Without admitting to or denying the Commission’s charges, Prager agreed to pay \$745,000 in civil penalties and to undertake remedial actions, including the hiring of an independent consultant to review and evaluate its audit, review, and quality control policies and procedures. In addition, the Firm agreed to permanent injunctions and to abide by certain restrictions on accepting new audit clients. The release notes that Prager’s settlement is subject to court approval.

Prior SEC Findings Against Prager⁵

The Commission alleges that the Firm failed to comply with SEC auditor independence rules across 62 audits, 11 examinations, and 144 reviews between December 11, 2017 and October 28, 2020.

According to the SEC’s complaint, Prager-issued engagement letters for 87 of the aforementioned audits, examinations, and reviews which contained indemnification provisions, deeming the Firm “not independent” according to Regulation S-X related

“An auditing firm is ultimately a professional services firm, and it needs to ensure the quality of the services it provides. Those who rely on the auditors’ professional opinion must be able to trust that opinion. That trust, though, is based on the assumption that the firm has strong quality control. It’s important, therefore, that firms have a system in place to ensure quality control.”

Gary Gensler

SEC Chair

September 9, 2024

Statement on Quality Control in Auditing

⁴ <https://pragermetis.com/>.

⁵ <https://www.sec.gov/files/litigation/complaints/2023/comp25868.pdf>.

to requirements for auditing financial statements.⁶ In addition to the Commission's rules, certain audits performed by Prager fell under PCAOB jurisdiction and were therefore subject to additional independence rules.

The SEC alleges that the Firm was aware of these independence issues at least as early as January 2019 when a new partner at Prager emailed the Firm's "partner in charge of assurance" and copied the Firm's "partner in charge of public company audit practice," to point out the indemnity section of the engagement letter template and asked, "I thought those were supposed to be removed from PCAOB letters as that can impair independence."

The indemnification provision read as follows in at least 77 engagement letters, observed by the SEC:

"In the event that we become obligated to pay any judgment, fine, penalty, or similar award or sanction; agree to pay any amount in settlement; and/or incur any costs including legal fees, as a result of a claim, investigation, or other proceeding instituted by any third party, including any governmental or quasi-governmental body, and if such obligation is a direct or indirect result of any inaccurate or incomplete information that you provide to us during the course of this engagement, and not any failure on our part to comply with professional standards, ***you agree to indemnify us, and hold us harmless as against such obligations, agreement and/or costs.***" (Emphasis added.)

Further, at least 14 engagement letters also included the following language, observed by the SEC:

"Because of the importance of management's representations to an effective audit [or examination], ***the Company agrees to release and indemnify [Prager] and its personnel from any liability and costs relating to our services under this agreement*** attributable to any knowing misrepresentations by management." (Emphasis added.)

The Commission determined that these indemnification provisions implied a relationship between Prager and the audit client that impaired independence.

Prager entitled each of its audited reports, "REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM" and stated "we are a public accounting firm registered with the [PCAOB] and are ***required to be independent*** with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the [SEC]..." (emphasis added). Not only did Prager not maintain independence, but it also failed to disclose its non-independence as a result of the provision language to its clients. The SEC alleges that after the new Prager partner raised the issue via email, the Firm continued to include the indemnification provision language in at least 51 additional engagement letters.

In September 2024, the SEC provided final judgments on these issues, which consisted of permanent injunctions, the censure of Prager, civil penalties in the amount of \$1 million, and combined disgorgement with prejudgment interest of \$205,000. The settlement is subject to court approval.

"Because the work of auditors is such an important cornerstone of market confidence and integrity, it is equally important that we have in place a meaningful system of rules and regulations for the audit profession. Without such rules, the accuracy and reliability of financial statements would disintegrate – eroding with it investor trust in our entire market. The PCAOB, with its specialized expertise, independently oversees that system of rules, and in so doing, also provides a crucial market function."

Caroline A. Crenshaw

SEC Commissioner

August 20, 2024

Statement in Support of
Amendments to Update
Accountability for Contributing to
Firm Violations

⁶ Rule 2-01(b) of Regulation S-X states, "The Commission will not recognize an accountant as independent, with respect to an audit client, if the accountant is not, or a reasonable investor with knowledge of all relevant facts and circumstances would conclude that the accountant is not, capable of exercising objective and impartial judgment on all issues encompassed within the accountant's engagement. In determining whether an accountant is independent, the Commission will consider all relevant circumstances, including all relationships between the accountant and the audit client, and not just those relating to reports filed with the Commission."

Takeaways

Auditors play a key role in protecting investors from misconduct and fraudulent activity and serve as a line of defense to prevent improper accounting practices.

Gurbir S. Grewal, Director of the SEC's Division of Enforcement said the following in relation to the most recent Prager issue,

“Because Prager’s audits of FTX were conducted without due care, for example, FTX investors lacked crucial protections when making their investment decisions. Ultimately, they were defrauded out of billions of dollars by FTX and bore the consequences when FTX collapsed. By limiting Prager’s ability to take on new business and by requiring it to retain an independent compliance consultant, today’s resolutions not only enhance investor protection, they also serve as a warning to audit professionals that are not appropriately meeting their gatekeeping obligations.”⁷

It is important for accounting firms to be cognizant of independence rules, including those related to engagement letters, and to be transparent with clients regarding any and all actual or perceived independence violations.

Independence is a key compliance measure in the audits of publicly traded companies. As stated by Eric Bustillo, Director of the SEC's Miami Regional Office:

“Auditor independence is critical to investor protection and a fundamental cornerstone of the integrity of our financial markets...[w]e are committed to this principle, and we will hold accountable auditors who violate their independence requirements.”⁸

The SEC remains vigilant in ensuring auditors comply with relevant laws and regulations and, as evidenced in the Prager matter, regularly takes action to prevent future auditor misconduct.

⁷ <https://www.sec.gov/newsroom/press-releases/2024-133>.

⁸ *Id.*

www.floydadvisory.com

ACKNOWLEDGEMENT

We wish to acknowledge the valuable contribution to this analysis by Alexandra Gong, Amanda Savona, and Libby Tagliaferro.

For more information, please contact LeeAnn Manning at 617.586.1076 or Meghan Mellott at 646.449.7265.

ABOUT Floyd Advisory

Floyd Advisory is a consulting firm providing financial and accounting expertise in areas of SEC reporting, transaction advisory, investigations and compliance, litigation services, as well as business strategy and valuation.

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