

# 2025 Enforcement Activity Involving Auditors

SEC & PCAOB ENFORCEMENT ACTIONS BROUGHT  
AGAINST PUBLIC ACCOUNTING FIRMS &  
ASSOCIATED INDIVIDUALS

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# I. Executive Summary

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Enforcement activity involving auditors fell sharply in 2025, reflecting a period of significant transition across both the US Securities and Exchange Commission (SEC or Commission) and the Public Company Accounting Oversight Board (PCAOB or the Board). That transition was driven by leadership changes, shifting enforcement priorities, and an unusual degree of institutional disruption – particularly at the PCAOB, whose continued existence was called into question during the first half of the year.

Following President Donald Trump’s inauguration and the departure of SEC Chair Gary Gensler in January, the SEC operated under interim leadership until Paul Atkins – a former SEC Commissioner long known for his deregulatory views and criticism of the PCAOB – was sworn in as chair on April 21. Chair Atkins did not appoint a new SEC Enforcement Director until September, when Judge Margaret Ryan assumed that role.

At the PCAOB, Chair Erica Williams was asked to resign in July, and board member George Botic was named Acting Chair, initiating a board refresh that concluded January 30, when the SEC announced four new board members (Mr. Botic will continue to serve out his term).

The longest government shutdown in history – from October 1 through November 12 – delayed the selection of new PCAOB board members and constrained both regulators’ ability to advance policy initiatives and pursue enforcement.

Against this backdrop, it is not surprising that enforcement activity involving auditors declined substantially in 2025. The SEC and PCAOB together initiated 39 enforcement actions against auditors during the year, a 33% decrease from 58 actions in 2024. Monetary sanctions totaled \$17.9 million, down 66% from \$52.2 million the prior year.

SEC activity was particularly muted in 2025, with only two actions initiated in 2025 – down from seven in 2024, which had previously marked the lowest annual total in our 2018–2025 sample. One of the two actions was issued prior to former Chair Gensler’s resignation on January 20. And, while the PCAOB imposed the third-highest total penalties in its 21-year enforcement history, 84% of the actions and 98% of the penalties were brought before Chair Williams’s resignation on July 22.

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## DATA ANALYZED

This report analyzes the enforcement actions brought by the PCAOB and SEC against public accounting firms (“firms”) and professionals employed by public accounting firms (“individuals”) during 2018–2025. In particular, it compares enforcement activity in 2025 to activity during the three full years of the Gensler/Williams administrations (2022–2024), as well as to the 2018–2021 period, which serves as a proxy for the administrations of former SEC Chair Jay Clayton and former PCAOB Chair William D. Duhnke III.<sup>1</sup>

Analyses of the level of enforcement activity and alleged violations are based on the date an action is initiated, regardless of when it was finalized. As required by the Sarbanes-Oxley Act (SOX), PCAOB investigations and disciplinary proceedings are confidential and non-public until final resolution; accordingly, PCAOB actions are considered to be *initiated* and *finalized* on the same date. By contrast, SEC actions may be initiated and disclosed on a given date but finalized (through settlement, adjudication, or dismissal) at a later time. An SEC civil action and any related follow-on administrative action are counted as a single action.

Analyses of imposed sanctions (both monetary and nonmonetary) are based on the date an action is finalized, regardless of when it was initiated. In matters where monetary sanctions are imposed jointly and severally upon an individual and a firm, our analysis allocates half of the monetary sanction to the individual and half to the firm.

Please see the **Appendix** for a list of defined terms.

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## NOTABLE DEVELOPMENTS IN 2025 (SEE SECTION II)

- Leadership changes following President Trump’s inauguration reshaped oversight at both the SEC and the PCAOB.
  - SEC:
    - ▶ Chair Gensler stepped down on January 20, with Mark Uyeda named as Acting Chair until Mr. Atkins was sworn in on April 21.
    - ▶ Judge Ryan joined the SEC in September as the new Director of the Division of Enforcement.
  - PCAOB:
    - ▶ In late spring, Congress advanced a provision in President Trump’s “One Big Beautiful Bill” to eliminate the PCAOB, placing the Board’s continued existence in doubt before the provision was ultimately removed during Senate reconciliation.

- ▶ On July 22, Chair Williams resigned at the request of SEC Chair Atkins, who named board member Mr. Botic as Acting Chair and announced that the SEC would solicit candidates for all five PCAOB board seats.
- ▶ Delayed by the government shutdown, the SEC announced four new PCAOB board members on January 30, 2026: Demetrios “Jim” Logothetis (Chair), Mark Calabria, Kyle Hauptman, and Steven Laughton. Mr. Botic remained Acting Chair until Mr. Logothetis was sworn in on February 10, 2026, after which Mr. Botic returned to his prior role as a board member to serve the remainder of his term. Mr. Calabria and Mr. Laughton were sworn in on the same day as Chair Logothetis.
- Enforcement priorities have shifted away from the aggressive posture of the Gensler/Williams era toward a focus on traditional fraud and demonstrable investor harm.
  - Under Chair Atkins, the SEC has moved away from what critics characterized as “rulemaking by enforcement” during Chair Gensler’s tenure and toward, in Mr. Atkins’s words, a “return to Congress’ original intent, which is to police violations of ... established obligations, particularly as they relate to fraud and manipulation.”<sup>2</sup>
  - Consistent with this shift, the SEC announced in September the formation of a Cross-Border Task Force focused on identifying and combating fraud that harms US investors. The Task Force will initially prioritize potential US securities law violations by foreign issuers, the role of “gatekeepers” (particularly auditors and underwriters), and companies from jurisdictions – specifically calling out China – where “governmental control and other factors present unique investor risks.”<sup>3</sup>
  - The PCAOB’s reduced emphasis on enforcement is reflected in both its leadership messaging and budgetary priorities. Acting Chair Botic replaced “enforcement” with “promoting transparency in the audit process” as one of the Board’s three pillars of investor protection, and the Board’s 2026 budget reduces funding for the enforcement division by 15%.
- The PCAOB delayed implementation of its risk-based quality control standard, QC 1000 – *Firm’s System of Quality Control* – by one year, moving the effective date to December 15, 2026. In the wake of the delay and amid shifting regulatory priorities under the new administration, some industry participants have expressed uncertainty about whether the standard will ultimately take effect.

## LEVEL OF ENFORCEMENT ACTIVITY (SEE SECTION III)

FIGURE 1: ACTIONS INITIATED AGAINST AUDITORS: 2018–2021, 2022–2024 & 2025

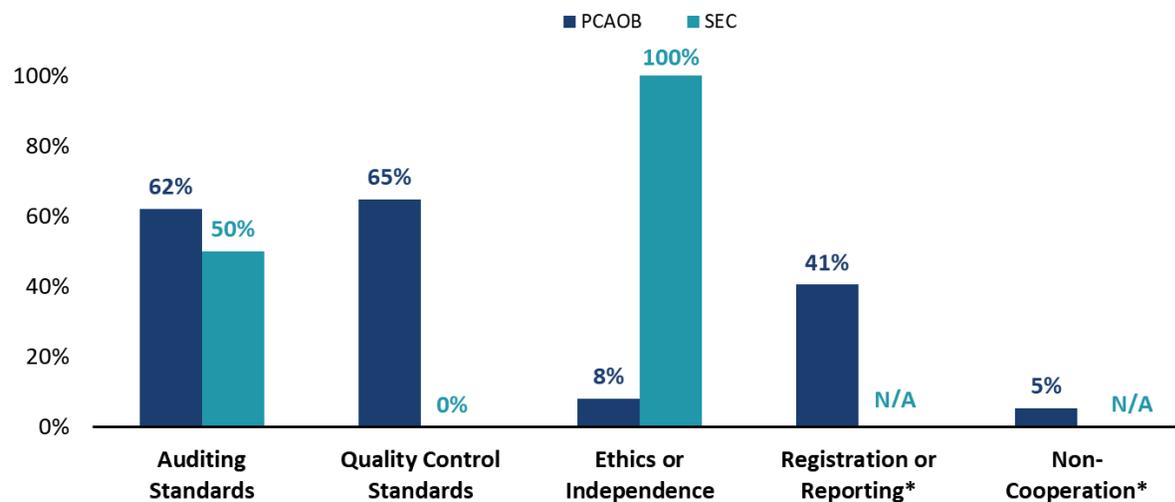
Number of Actions	2018–2021 Average		2022–2024 Average		2025	
	No.	%	No.	%	No.	%
PCAOB	23.00	61%	46.33	79%	37	95%
SEC	14.75	39%	12.67	21%	2	5%
<b>Total</b>	<b>37.75</b>		<b>59.00</b>		<b>39</b>	

Sources: <https://www.sec.gov/page/litigation>; <https://pcaobus.org/oversight/enforcement>.

- In 2025, the PCAOB and SEC together initiated 39 enforcement actions against auditors, a 34% decline from the average during the Gensler/Williams administrations (2022–2024), but slightly above the average during the Clayton/Duhnke administrations (2018–2021).
- The PCAOB accounted for nearly all enforcement activity, bringing 37 of the 39 actions (95%). Of those, 31 actions (84%) were initiated prior to former Chair Williams’s resignation on July 22, 2025.
- SEC enforcement was limited, with just two initiated actions in 2025 – one of which it brought prior to former Chair Gensler’s resignation on January 20, 2025.

## ALLEGED VIOLATIONS (SEE SECTION IV)

FIGURE 2: ALLEGED VIOLATIONS IN INITIATED ACTIONS AGAINST AUDITORS: PCAOB VS. SEC: 2025



Sources: <https://www.sec.gov/page/litigation>; <https://pcaobus.org/oversight/enforcement>.

Note: One action may include multiple violations. Violations marked with an asterisk (\*) are applicable only to PCAOB actions.

- Quality control violations featured prominently in PCAOB actions in 2025, alleged in nearly two-thirds of matters, up from 39% during 2022–2024.
- The PCAOB alleged auditing standards violations in 62% of 2025 actions, down slightly from 66% during 2022–2024. Consistent with prior years, during 2025, audit documentation and due professional care were the most frequently cited auditing standard violations, each appearing in 48% of PCAOB actions alleging auditing standards violations.
- Only 8% of PCAOB actions in 2025 alleged ethics or independence violations, down from 19% during 2022–2024.
- Both SEC actions initiated in 2025 alleged violations of Regulation S-X’s independence requirements. One action also alleged auditing standards violations.

## SANCTIONS IN FINALIZED ACTIONS (SEE SECTION V)

**FIGURE 3: MONETARY SANCTIONS IN FINALIZED ACTIONS AGAINST AUDIT FIRMS AND INDIVIDUAL RESPONDENTS: 2018–2021, 2022–2024 & 2025**

PCAOB	Firms			Individuals		
	2018–2021 Average	2022–2024 Average	2025	2018–2021 Average	2022–2024 Average	2025
Respondents	14.75	37.33	30	20.75	23.33	13
% of Respondents Fined	88%	97%	97%	57%	93%	85%
Median Fine	\$ 0.02 M	\$ 0.05 M	\$ 0.18 M	\$ 0.01 M	\$ 0.04 M	\$ 0.03 M
<b>Total Fine</b>	<b>\$ 1.30 M</b>	<b>\$ 21.19 M</b>	<b>\$ 17.29 M</b>	<b>\$ 0.21 M</b>	<b>\$ 1.08 M</b>	<b>\$ 0.38 M</b>

SEC	Firms			Individuals		
	2018–2021 Average	2022–2024 Average	2025	2018–2021 Average	2022–2024 Average	2025
Respondents	6.75	8.00	1	15.75	16.33	3
# of Respondents Dismissed	-	1.00	-	-	5.33	-
% of Respondents Fined	74%	81%	100%	51%	58%	67%
Median Fine	\$ 0.10 M	\$ 0.97 M	\$ 0.10 M	\$ 0.02 M	\$ 0.03 M	\$ 0.07 M
<b>Total Fine</b>	<b>\$ 18.78 M</b>	<b>\$ 50.94 M</b>	<b>\$ 0.10 M</b>	<b>\$ 0.26 M</b>	<b>\$ 0.85 M</b>	<b>\$ 0.13 M</b>

Sources: <https://www.sec.gov/page/litigation>; <https://pcaobus.org/oversight/enforcement>.

Note: “% of Respondents Fined” is the number of respondents fined as a percentage of non-dismissed respondents.

- In 2025, the PCAOB and SEC together imposed \$17.9 million in monetary sanctions against auditors, a 76% decline from the 2022–2024 average, but only 13% below the \$20.5 million average during the Clayton/Duhnke administrations (2018–2021).

- The PCAOB imposed the vast majority of monetary sanctions imposed in 2025, accounting for nearly 99% of total penalties against auditors.
  - PCAOB penalties totaled \$17.7 million, down more than 50% from the record \$35.7 million imposed in 2024, though 2025 still ranked as the third-highest annual total in PCAOB history.
  - The PCAOB imposed 98% of its 2025 penalties prior to Chair Williams’s departure on July 22.
  - 75% of the \$112 million in penalties imposed by the PCAOB in its 21-year enforcement history were imposed during Chair Williams’s three-and-a-half-year tenure.<sup>4</sup>
- The SEC sharply reduced monetary sanctions in 2025, imposing just \$230,000, a 99% decrease from \$16.5 million in 2024, and an 86% decline from the \$1.7 million imposed in 2020, the next lowest year of penalties in our sample.
- 91% of total monetary sanctions were imposed on GNF respondents – respondents associated with one of six large global network firms (GNFs) tracked separately by the PCAOB – up from 59% in 2024.
  - The maximum fine imposed on a GNF respondent (\$3 million) was six times the maximum fine imposed on a non-affiliated firm (NAF) respondent (\$500,000).
- Non-US respondents accounted for 93% of total monetary sanctions in 2025, extending a multi-year upward trend from 55% in 2024, 46% in 2023, 22% in 2022, and just 8% during 2018–2021.
- The PCAOB and SEC imposed a median monetary sanction of \$137,500 against firms in 2025, nearly three times the \$50,000 median during 2022–2024.
- The median monetary sanction imposed by the PCAOB and SEC against individuals in 2025 was \$32,500, a 35% decline from the \$50,000 median in 2024.

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#### LOOKING FORWARD: OUR PREDICTIONS FOR 2026 AND BEYOND (SEE SECTION VI)

Developments in 2025 reflect a marked shift in the enforcement landscape for auditors, with implications that will extend into 2026 and beyond. While we expect enforcement activity to rebound modestly in some areas, the overall posture of both regulators appears more restrained and targeted than in recent years. We make the following predictions:

- **SEC enforcement activity involving auditors will increase moderately in 2026 but remain below historic levels.** After a constrained 2025 marked by leadership transitions, staffing reductions, a government shutdown, and the effects of *Jarkesy*, we expect a measured

increase in enforcement activity in 2026 as leadership executes on its priorities, albeit within ongoing resource limits and a quality-over-quantity posture.

- **PCAOB enforcement volume will decline substantially, with a more pronounced reduction in total penalties assessed.** Enforcement outcomes in 2025 were largely shaped by priorities set before former Chair Williams’s departure, and early post-departure data indicate a reversion toward lower enforcement volumes and penalties more consistent with pre-Williams norms.
- **Both the SEC and PCAOB will increase their focus on non-US auditors in countries posing “unique investor risk” such as China.** Recent enforcement trends, the SEC’s establishment of a Cross-Border Task Force, and broader national security and investor-protection initiatives suggest heightened scrutiny of cross-border audit risk, particularly in jurisdictions characterized by limited transparency or governmental influence.
- **Other enforcement priorities will increasingly reflect a “back-to-basics” focus on core audit principles:**
  - **SEC:** Enforcement will prioritize auditor independence violations and cases where inadequate professional skepticism led to failures to prevent or detect fraud resulting in investor harm.
  - **PCAOB:** Enforcement activity will focus on matters involving (1) significant audit failures reflecting a lack of due professional care and skepticism; (2) serious independence violations; (3) interference with PCAOB processes and other ethical breaches; and (4) material quality-control failures.

# II. Notable Developments in 2025

Auditor enforcement in 2025 unfolded against a backdrop of leadership turnover and evolving enforcement priorities at both the SEC and the PCAOB, signaling a shift away from the aggressive enforcement posture that characterized the Gensler/Williams era. The timelines below outline significant developments, many of which are discussed in further detail in this section.



## A. Leadership Changes

### 1. SEC

Following the inauguration of President Trump and the departure of SEC Chair Gary Gensler in January, the SEC operated under interim leadership until Paul Atkins – a former SEC Commissioner – was sworn in as Chair on April 21.

On September 2, 2025, Judge Margaret “Meg” Ryan, a senior judge on the US Court of Appeals for the Armed Forces, was appointed Director of the SEC’s Division of Enforcement, reflecting a nontraditional choice for the role.<sup>5</sup> Prior to her judicial service, Judge Ryan was a partner at Wiley Rein & Fielding and Bartlit Beck Herman Palenchar & Scott, and clerked for Supreme Court Justice Clarence Thomas.<sup>6</sup>

### 2. PCAOB

#### PCAOB Elimination Proposal Dropped from Budget Bill

In May 2025, the PCAOB’s future was called into question when the US House of Representatives passed a version of the 2025 budget reconciliation package that included a provision to dissolve the PCAOB and merge its regulatory responsibilities into the SEC, a step consistent with deregulatory objectives outlined in “Project 2025.”<sup>7</sup>

The provision reflected longstanding criticism – particularly from congressional Republicans – that the PCAOB overlaps with the SEC’s oversight role, imposes additional costs on public companies, and lacks the accountability of a federal agency.<sup>8</sup> Opponents of PCAOB elimination countered that because the Board is funded through fees rather than taxpayer dollars, its elimination would not meaningfully reduce the federal deficit. They also argued that inclusion of the provision violated the Byrd Rule by effecting a regulatory policy change rather than a budgetary measure and warned that transferring the PCAOB’s inspection and enforcement functions to the SEC risked weakening audit oversight.<sup>9</sup>

The Senate Parliamentarian subsequently ruled that the provision did not qualify for inclusion under the Byrd Rule and was therefore removed from the legislation. As a result, the PCAOB was not eliminated in the final version of the “One Big Beautiful Bill,” which President Trump signed on July 4, 2025.

## PCAOB Board Overhaul

Not long after the PCAOB was spared elimination, Chair Erica Williams resigned on July 22, 2025, at the request of SEC Chair Atkins, and the SEC appointed board member George Botic as Acting Chair.<sup>10</sup> On July 23, Chair Atkins announced that the SEC was soliciting candidates for all five PCAOB board positions, marking the start of a board refresh.<sup>11</sup>

Delayed by the government shutdown,<sup>12</sup> the SEC announced four new PCAOB board members on January 30, 2026. The newly appointed chair, Demetrios (“Jim”) Logothetis, is a retired Ernst & Young partner who spent roughly four decades in senior leadership roles at the firm. The SEC also appointed Mark Calabria, an Associate Director and Chief Statistician at the US Office of Management and Budget as well as a Senior Advisor to the Consumer Financial Protection Bureau; Kyle Hauptman, chair of the National Credit Union Administration; and Steven Laughton, who spent 30 years at the US Treasury Department and most recently served as board counsel to outgoing PCAOB member Christina Ho.

Mr. Botic remained Acting Chair until February 10, 2026, when Mr. Logothetis was sworn in as chair, alongside Mr. Laughton and Mr. Calabria.<sup>13</sup> Mr. Botic returned to his prior role as board member to serve the remainder of his term.<sup>14</sup>

## B. Change in Enforcement Priorities

### 1. Chair Atkins’s Enforcement Approach: “Return to Congress’ Original Intent”

Since rejoining the SEC, Chair Atkins has repeatedly stated that “it is a new day at the SEC,” signaling a cultural shift in the Commission’s enforcement philosophy – from prioritizing volume of enforcement toward a more measured enforcement approach that prioritizes case quality. Central to this recalibration is a move away from “regulation by enforcement” and a return to “Congress’ original intent, which is to police violations of [] established obligations, particularly as they relate to fraud and manipulation.”<sup>15</sup>

Chair Atkins’s stated priorities further reflect an explicit emphasis on materiality and investor harm, drawing a distinction between cases involving “genuine harm and bad acts” versus “cases of benign or innocent actions.”<sup>16</sup>

Nevertheless, Chair Atkins has emphasized that enforcement remains an “indispensable” tool for addressing misconduct that undermines market integrity and harms investors. He has

cautioned, however, that enforcement represents a significant exercise of government power that must be “tempered by fair process, good judgment, integrity, and rectitude.”<sup>17</sup> Consistent with this view, he has indicated that enforcement staff should be evaluated and incentivized based on the quality of their analysis, the appropriateness of the charges brought, and the proportionality of the relief sought.<sup>18</sup>

## 2. Both Regulators Signal Lower Emphasis on Enforcement

In recent months, both the SEC and PCAOB signaled a shift toward a reduced emphasis on enforcement. SEC Enforcement Director Judge Ryan, who joined the Commission in September, made no public appearances or statements in 2025. Industry participants characterized Judge Ryan’s selection as unconventional for the SEC’s top enforcement role, with the *Financial Times* noting, “this looks very much like the kind of appointment you make if you don’t actually want an awful lot of enforcement.”<sup>19</sup>

These signals were reinforced in December, when – unlike in prior years – the SEC declined to participate in a panel on enforcement priorities at the annual American Institute of Certified Public Accounts (AICPA) Conference on Current SEC and PCAOB Developments. As of the date of this report, the Commission has also not yet published enforcement statistics for fiscal year 2025.

Judge Ryan’s first public remarks, delivered on February 11, 2026, largely confirmed this shift. She emphasized that she is “far more concerned with the quality and impact of the enforcement actions that we bring than with chasing numbers,” and stated that, without “unlimited resources,” her focus will be on protecting investors from fraud schemes – particularly those that impose significant harm on retail investors. She suggested that violations relating solely to books and records or internal accounting controls are not necessarily “on par with fraud” and expressed confidence that many of these violations “should not – and do not – result in enforcement cases by the Commission.”<sup>20</sup>

A similar shift is evident at the PCAOB. At the December AICPA conference, then Acting Chair Botic identified “promoting transparency in the audit process,” rather than “enforcement,” as one of the PCAOB’s three pillars of investor protection.<sup>21</sup> Consistent with this reframing, the PCAOB’s 2026 budget reflects a 15% reduction in funding for its enforcement division compared to 2025.<sup>22</sup>

Echoing the SEC’s cultural shift away from high enforcement volumes, William Ryan, Acting Director of the PCAOB’s Division of Enforcement and Investigations, stated at the December AICPA conference that the Division advances investor protection by holding auditors

accountable when they pose a *significant* risk to investors – while declining to pursue disciplinary action against those who do not.<sup>23</sup> He further emphasized that the PCAOB’s charging decisions consider the “real-world consequences” for those involved, particularly where individual liability is at issue, and cases are “closer calls.”

### 3. SEC’s Establishment of a Cross-Border Task Force

On September 5, 2025, the SEC announced the creation of a Cross-Border Task Force to strengthen the Division of Enforcement’s efforts to identify and combat cross-border fraud that harms US investors. According to the SEC’s press release, the Task Force will initially focus on foreign companies engaged in potential US securities law violations, as well as on “gatekeepers, particularly auditors and underwriters,” and on companies from jurisdictions – specifically calling out China – where “governmental control and other factors present unique investor risks.”<sup>24</sup>

To date, the Cross-Border Task Force is the only enforcement initiative announced by the SEC under Chair Atkins that directly addresses auditor accountability.

## C. QC 1000 Adoption Delayed by One Year

In September 2024, the SEC approved the PCAOB’s new quality control (QC) standard, QC 1000, *A Firm’s System of Quality Control*, with an effective date of December 15, 2025.<sup>25</sup> As we noted in our [“2024 Enforcement Activity Involving Auditors”](#) report, QC 1000 was characterized as a “landmark reform” that was “poised to have a profound impact on the auditing industry.”<sup>26</sup>

The standard seeks to modernize the PCAOB’s quality control framework and strengthen audit quality by requiring annual evaluations of firms’ QC systems; mandating an external quality control function (EQCF) for the largest US firms (those auditing 100+ public companies); and emphasizing a risk-based approach that requires firms to design QC systems tailored to their structure, clients, and risks.

On August 28, 2025, however, the PCAOB announced a one-year postponement of QC 1000’s effective date to December 15, 2026. The Board cited stakeholder feedback that implementation within the original timeline would present “insurmountable” challenges for some firms.<sup>27</sup>

The postponement followed industry pressure, including a formal request from the Center for Audit Quality (CAQ) on July 23, 2025, urging a deferral due to concerns about the 15-month

implementation window.<sup>28</sup> SEC Chair Atkins and Chief Accountant Kurt Hohl reportedly also urged the PCAOB to delay implementation by at least a year.<sup>29</sup>

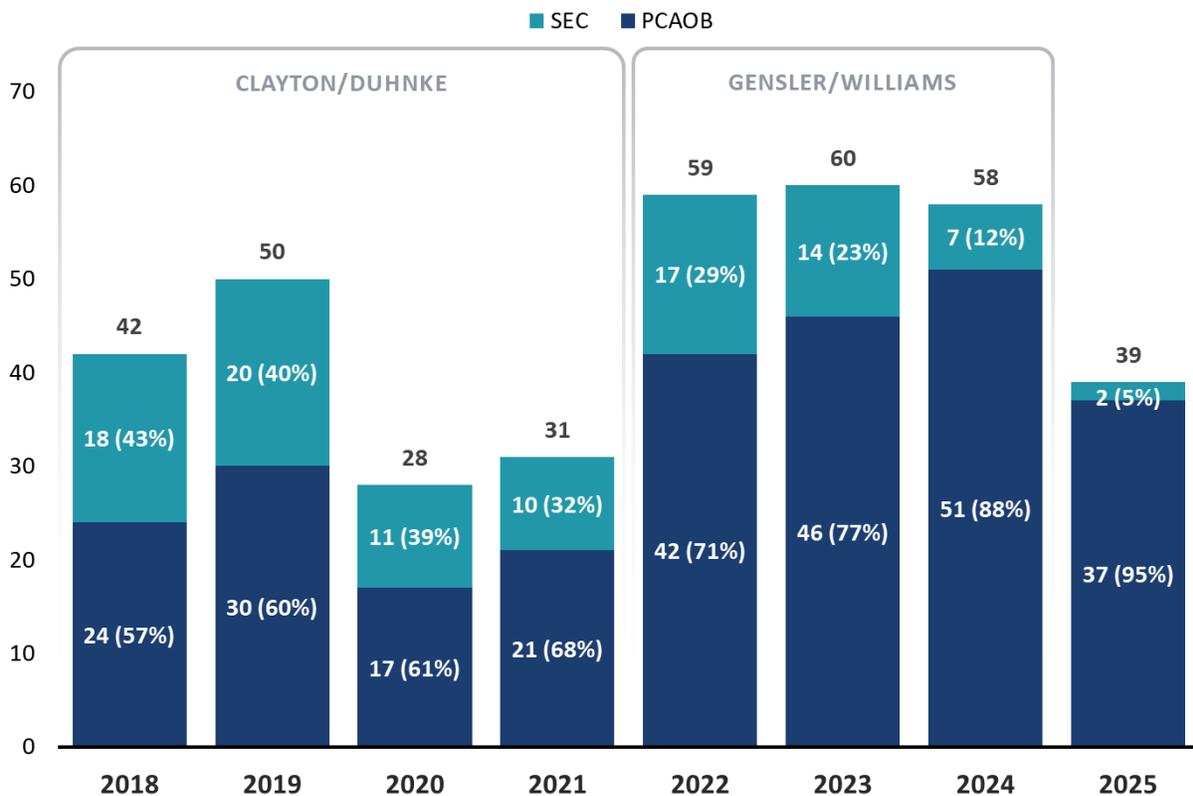
In the wake of the delay and amid shifting regulatory priorities under the new administration, some industry participants have questioned whether QC 1000 will ultimately be implemented at all. For example, *Accounting Today* reported that AICPA President and CEO Mark Koziel suggested that a newly constituted PCAOB board could rescind QC 1000 in favor of standards more closely aligned with quality management standards issued by the International Auditing and Assurance Board (IAASB).<sup>30</sup>

### III. Level of Initiated Enforcement Activity

#### A. Total Enforcement Activity was Down Substantially in 2025

##### TOTAL ENFORCEMENT ACTIVITY

FIGURE 4: TOTAL INITIATED ACTIONS AGAINST AUDITORS: 2018–2025



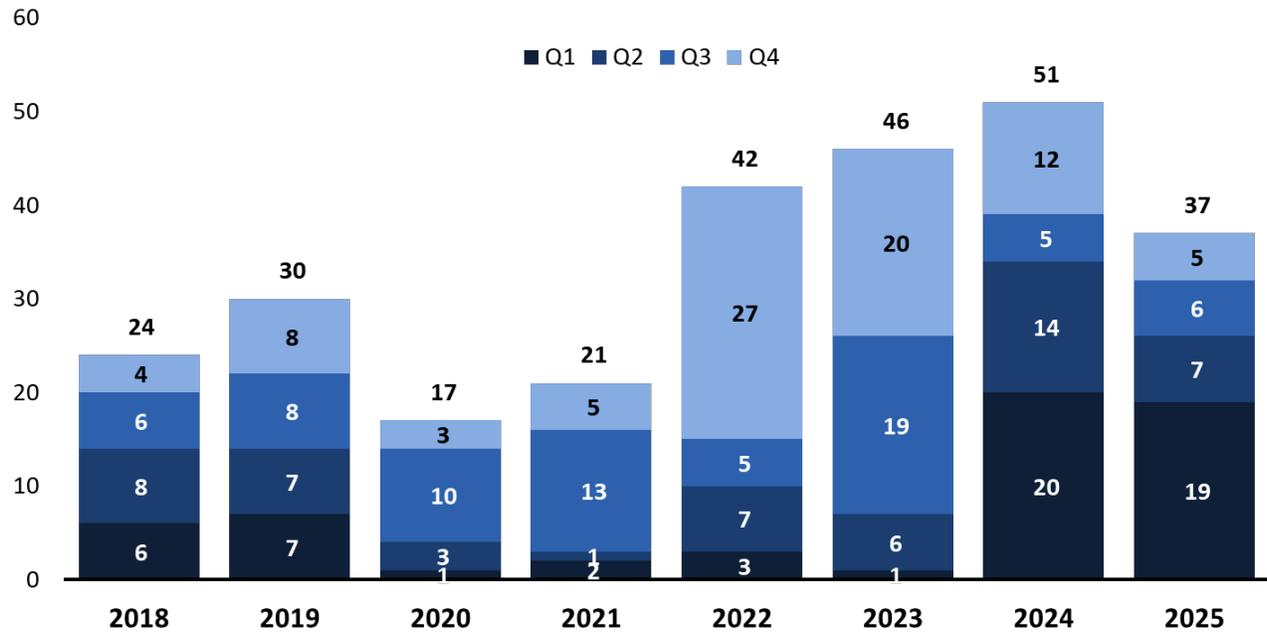
Sources: <https://www.sec.gov/page/litigation>; <https://pcaobus.org/oversight/enforcement>.

- Together, the PCAOB and SEC brought 39 enforcement actions against auditors in 2025, representing a 34% decline from the average level during the Gensler/Williams administrations (2022–2024), but a slight increase relative to the average during the Clayton/Duhnke administrations (2018–2021).
- The 39 actions involved 45 respondents, a 45% decrease from the average number of respondents during 2022–2024 and a 24% decline from the 2018–2021 average.
- All but two actions (95%) initiated against auditors in 2025 were brought by the PCAOB.

## PCAOB ENFORCEMENT ACTIVITY

- The PCAOB brought 37 actions in 2025 involving 13 individuals and 30 firm respondents. In comparison, the PCAOB brought 51 actions involving 25 individuals and 39 firms in 2024.
- The PCAOB disclosed one adjudicated action in 2025, up from no adjudicated actions in 2024.
- 31 of the 37 actions (84%) disclosed by the PCAOB in 2025 were brought prior to former Chair Williams’s resignation on July 22.

FIGURE 5: PCAOB ENFORCEMENT ACTIONS BROUGHT EACH QUARTER: 2018–2025



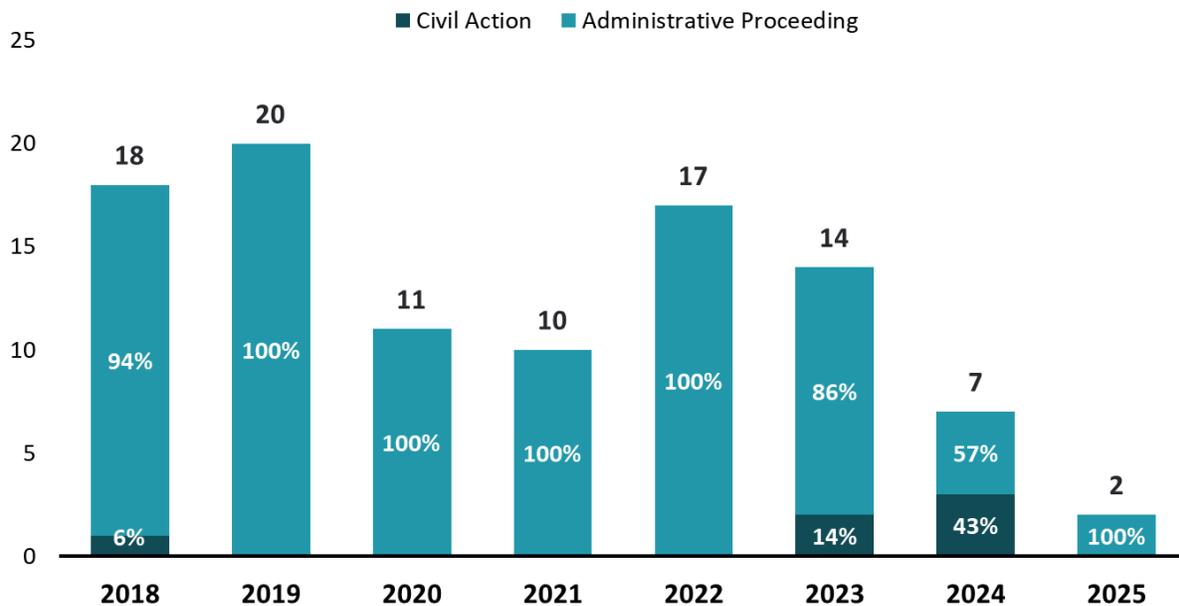
Source: <https://pcaobus.org/oversight/enforcement>.

## SEC ENFORCEMENT ACTIVITY

- The SEC initiated only two actions involving auditors in 2025, the lowest annual level of SEC enforcement activity during any year in our 2018–2025 sample.
  - One of the two actions was initiated on January 17, prior to former Chair Gensler’s resignation on January 20, 2025.
- Both actions were initiated as administrative proceedings pursuant to Rule 102(e).
  - Historically, the vast majority of SEC actions against auditors were initiated as administrative proceedings under Rule 102(e).

- After the Supreme Court granted certiorari in *SEC v. Jarkesy*<sup>31</sup> on June 30, 2023, the Commission began shifting away from administrative proceedings and increasingly bringing civil actions in federal court.
- Following the Supreme Court’s June 27, 2024 decision in *Jarkesy* – which held that the SEC’s use of administrative proceedings to seek financial civil penalties in securities fraud cases was unconstitutional – the shift accelerated: three of the six post-decision actions against auditors have been filed as civil actions rather than administrative proceedings.
- Administrative proceedings nevertheless continue post-*Jarkesy*. The SEC may pursue administrative actions (1) where it does not seek civil monetary penalties, (2) when it seeks to resolve the matters through consensual settlements in which respondents waive their jury-trial rights, or (3) in follow-on proceedings to pursue industry bars.<sup>32</sup>

FIGURE 6: SEC ACTIONS INITIATED AS CIVIL ACTIONS VS. ADMINISTRATIVE PROCEEDINGS: 2018–2025

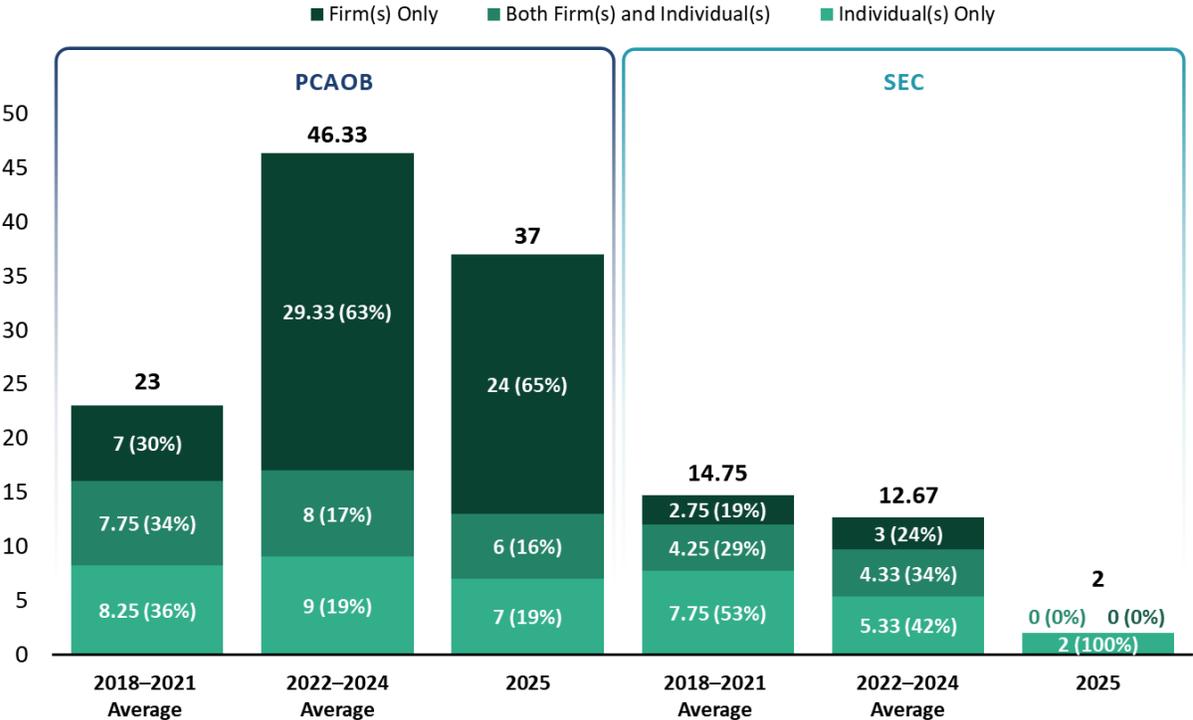


Source: <https://www.sec.gov/page/litigation>.

# B. Type of Respondents in Initiated Actions

## 1. Actions Involving Firm Respondents Remained High in 2025

FIGURE 7: INITIATED ACTIONS AGAINST AUDIT FIRMS AND INDIVIDUAL RESPONDENTS: 2018–2021, 2022–2024 & 2025



Sources: <https://www.sec.gov/page/litigation>; <https://pcaobus.org/oversight/enforcement>.  
 Note: Percentages may not sum to 100% due to rounding.

### TOTAL ENFORCEMENT ACTIVITY

- Combined, the PCAOB and SEC charged firms – either exclusively or alongside individuals – in 77% of actions in 2025 (30 of 39 actions), compared to 76% during the Gensler/Williams administrations (2022–2024) and 58% during the regulators’ prior administrations (2018–2021).
- In 2025, the PCAOB and SEC charged individuals – whether exclusively or alongside firms – in 38% of total actions, a drop from 45% during 2022–2024 and a substantial decline from 2018–2021, when three-quarters of combined actions involved an individual respondent.

## PCAOB VS. SEC ENFORCEMENT ACTIVITY

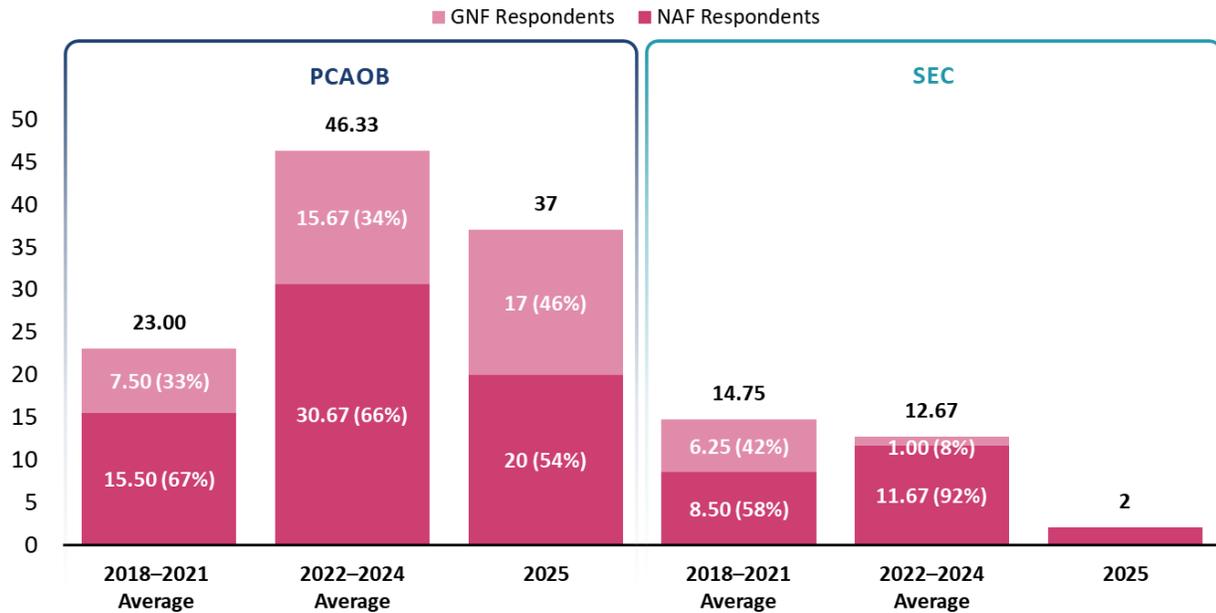
- The PCAOB charged an audit firm in 81% of the actions it brought in 2025. The SEC did not initiate enforcement actions against any audit firms in 2025.
  - In comparison, during 2022–2024, the PCAOB charged a firm respondent in 81% of actions, while the SEC charged a firm respondent in 58% its initiated actions.
  - Beginning in 2022, the PCAOB under Chair Williams increased its enforcement against firms through the use of sweeps – in which it investigated multiple firms simultaneously for the same potential violations – as part of the Williams administration’s “renewed vigilance” and efforts to “identify wrongdoing proactively.”<sup>33</sup>
    - ▶ More than one-third of PCAOB actions during 2022–2024 resulted from sweeps.
    - ▶ The PCAOB did not disclose the use of any sweeps in 2025.<sup>34</sup>
- In 2025, 35% of PCAOB actions involved individual respondents. The SEC charged one individual in each of its two initiated actions in 2025.
  - In comparison, during 2022–2024, the PCAOB and SEC charged an individual in 37% and 76% of their respective actions.

## 2. Nearly Half of Enforcement Actions in 2025 Involved GNF Respondents

The PCAOB often reports audit quality statistics separately for global network firms (GNFs) and non-affiliated firms (NAFs). The PCAOB defines GNFs as firms affiliated with the six largest global networks: BDO International Limited, Deloitte Touche Tohmatsu Limited, Ernst & Young Global Limited, Grant Thornton International Limited, KPMG International Cooperative, and PricewaterhouseCoopers International Limited. In our report, firm and individual respondents associated with GNFs are referred to as “GNF respondents.” All other respondents are considered to be “NAF respondents.”

### TOTAL ENFORCEMENT ACTIVITY

FIGURE 8: INITIATED ACTIONS AGAINST GNF VS. NAF RESPONDENTS: 2018–2021, 2022–2024 & 2025



Sources: <https://www.sec.gov/page/litigation>; <https://pcaobus.org/oversight/enforcement>.

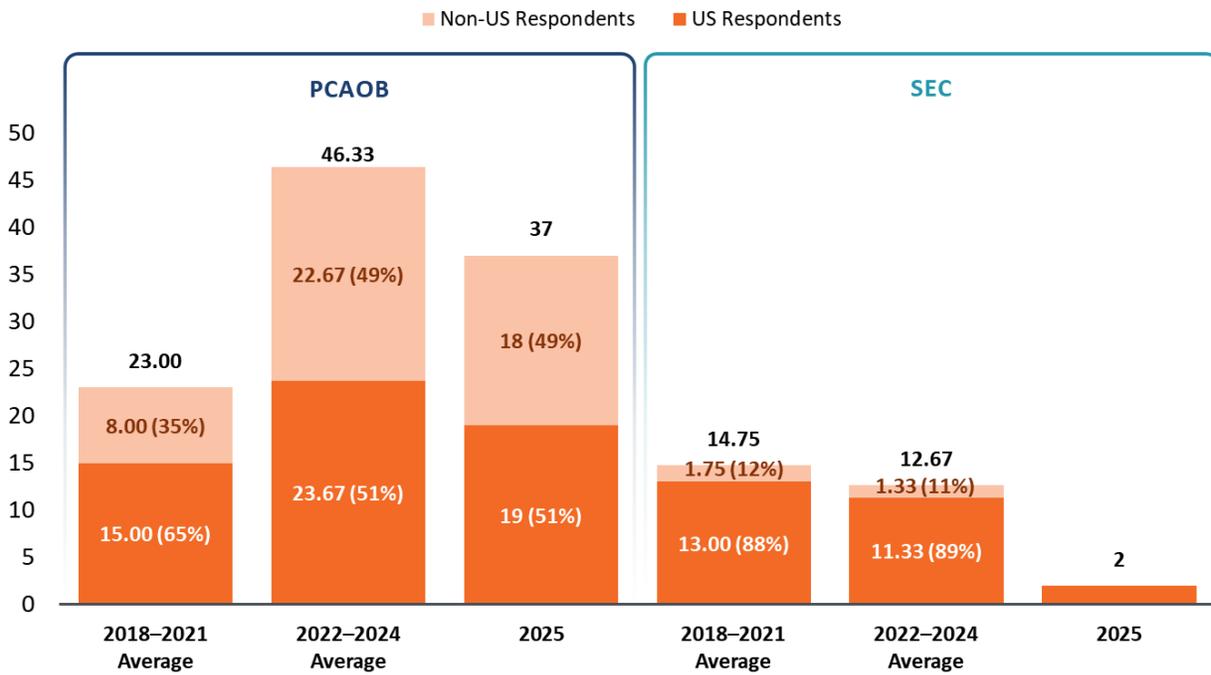
Note: Percentages may not sum to 100% due to rounding.

- In 2025, 56% of total initiated actions involved NAF respondents, down from 72% during 2022–2024 and 64% during 2018–2021.
- 44% of total actions involved GNF respondents, up from 28% during 2022–2024 and 36% during 2018–2021.
- For the third straight year, all actions in 2025 involving GNF respondents were brought by the PCAOB.

### 3. Just Over Half of Actions Were Brought Against US Respondents

#### TOTAL ENFORCEMENT ACTIVITY

FIGURE 9: INITIATED ACTIONS AGAINST US VS. NON-US RESPONDENTS: 2018–2021, 2022–2024 & 2025



Sources: <https://www.sec.gov/page/litigation>; <https://pcaobus.org/oversight/enforcement>.

- Just over half (54%) of total actions in 2025 were brought against US respondents, down slightly from the 2022–2024 average of 59%, and well below the 2018–2021 average of 74%.
- All 2025 actions involving non-US respondents were brought by the PCAOB.

# IV. Alleged Violations in Initiated Enforcement Actions

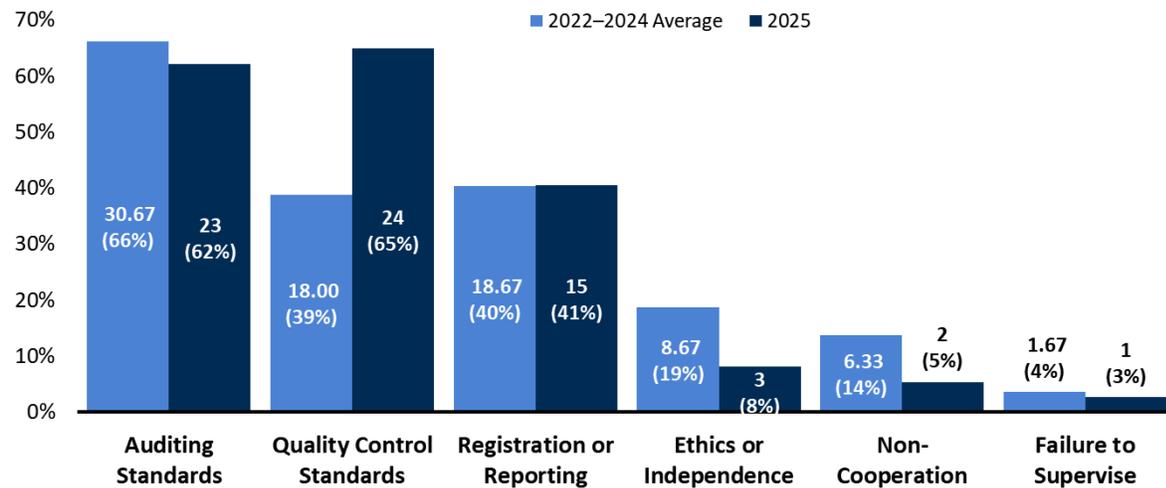
For purposes of this report, violations are grouped into six categories (which are described further in the Appendix):

- SEC and PCAOB allegations related to: Auditing standards, quality control (QC) standards, and ethics or independence.
- PCAOB-only allegations related to: Registration or reporting, failure to supervise, and non-cooperation.

## A. Violations Alleged in PCAOB Actions

### PCAOB ENFORCEMENT ACTIVITY

FIGURE 10: VIOLATIONS ALLEGED IN INITIATED PCAOB ACTIONS: 2022–2024 & 2025



Source: <https://pcaobus.org/oversight/enforcement>.

Note: An action may allege violations in multiple categories.

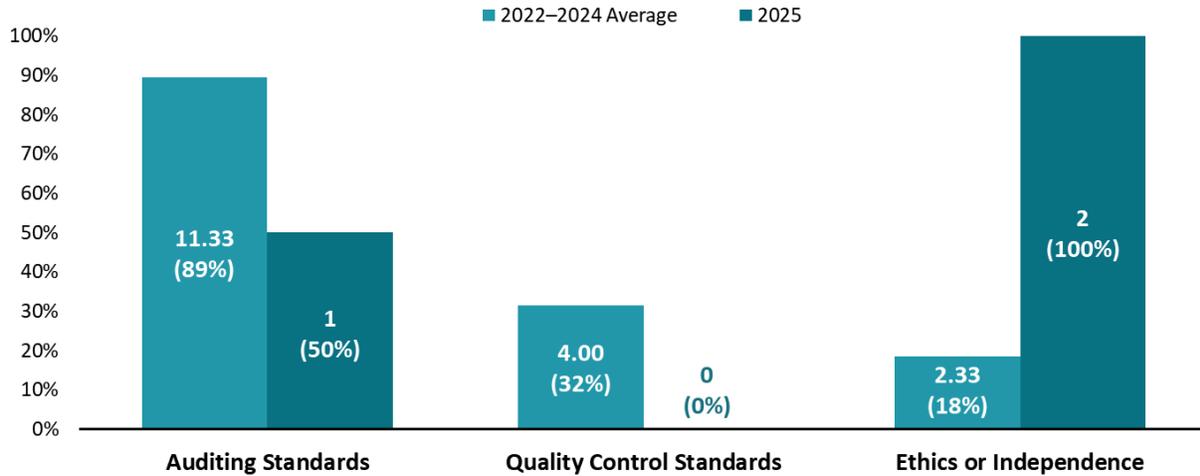
- The PCAOB alleged violations of QC standards in nearly two-thirds of 2025 actions, up from 39% during 2022–2024.
  - The PCAOB alleged QC violations in over 80% of 2025 actions involving non-US respondents, but alleged QC violations in less than half of 2025 actions involving US respondents.
  - In 2025, 24 of the 30 actions involving a firm (80%) alleged violation of QC standards, up from approximately 45% of actions involving a firm respondent during 2022–2024.

- Individuals were charged with recklessly contributing to a QC violation (Rule 3502) in 21% of 2025 actions alleging QC violations, down from 30% during 2022–2024.
- In 2025, the PCAOB imposed penalties of \$1 million or more on five firm respondents. Each of those respondents was charged with violations of QC standards, and four of the five involved improper answer sharing.
- 62% of the actions alleged violations of auditing standards, down slightly from 66% during 2022–2024.
  - 84% of actions involving US respondents alleged violations of auditing standards. In contrast, fewer than 40% of actions involving non-US respondents alleged auditing standards violations.
- Consistent with prior years, the PCAOB alleged violations relating to registration or reporting in approximately 40% of 2025 actions.
- Only 8% of PCAOB actions in 2025 alleged ethics or independence violations, down from 19% during 2022–2024.
- Actions alleging non-cooperation violations declined to 5% of PCAOB actions in 2025, down from 14% during 2022–2024.
- The PCAOB charged one respondent with failure to supervise under SOX 105(c)(6) in 2025.

## B. Violations Alleged in SEC Actions

### SEC ENFORCEMENT ACTIVITY

FIGURE 11: VIOLATIONS ALLEGED IN INITIATED SEC ACTIONS AGAINST AUDITORS: 2022–2024 & 2025



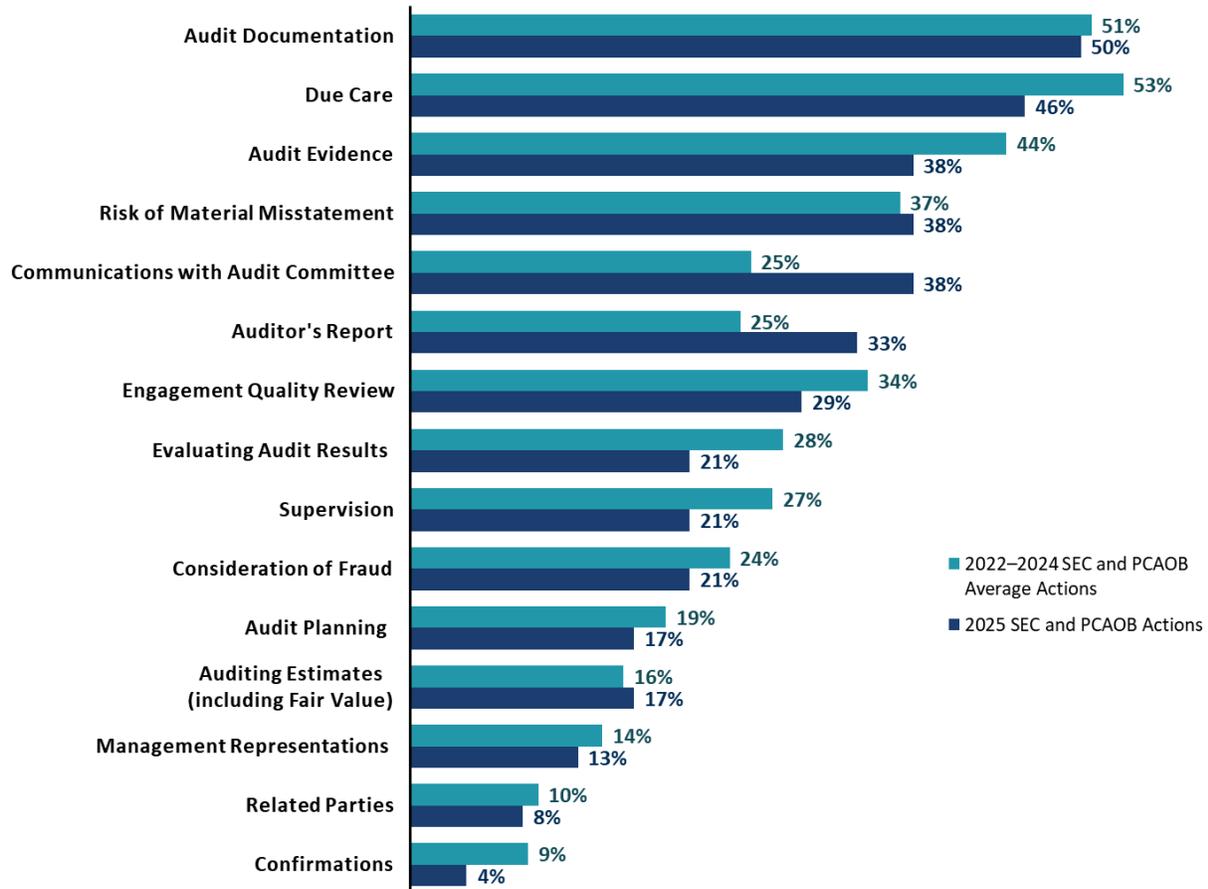
Source: <https://www.sec.gov/page/litigation>.

Note: An action may allege violations in multiple categories.

- Both SEC actions initiated in 2025 alleged violations of Regulation S-X’s auditor independence requirements.
  - In one action, the respondent audited financial statements that he had previously prepared.
  - In the other action, the respondent’s wife held investments in the audit client, a registered investment company.
- One of the two actions also alleged a violation of auditing standards.
- Neither action alleged violations of QC standards.

## C. Alleged Violations of Auditing Standards

FIGURE 12: VIOLATIONS OF AUDITING STANDARDS ALLEGED IN INITIATED ACTIONS: 2022–2024 & 2025



Sources: <https://www.sec.gov/page/litigation>; <https://pcaobus.org/oversight/enforcement>.

Note: Data are presented as a percent of actions alleging one or more auditing or attestation standard violations. The figure includes the most frequently alleged violations only.

### TOTAL ENFORCEMENT ACTIVITY<sup>35</sup>

- Consistent with prior years, during 2025, audit documentation and due professional care were the most commonly alleged auditing standard violations, alleged in 50% and 46% of actions alleging auditing standard violations, respectively.
- Violations related to critical audit matters (CAMs) – required under AS 3101 – were alleged in five actions in 2025 (all brought by the PCAOB), consistent with 2024.<sup>36</sup>

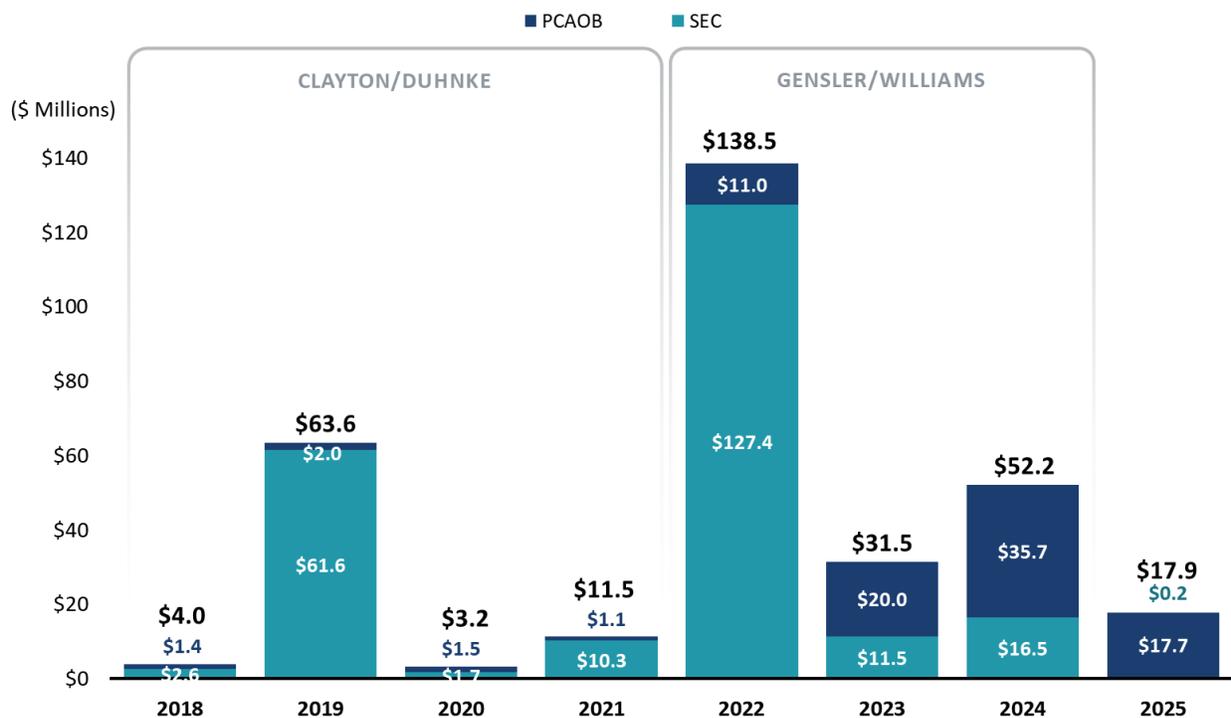
# V. Sanctions in Finalized Enforcement Actions

## A. Monetary Sanctions in Finalized Actions

### 1. For the Third Consecutive Year, PCAOB Penalties Exceeded SEC Penalties

#### TOTAL ENFORCEMENT ACTIVITY

FIGURE 13: TOTAL MONETARY SANCTIONS IN FINALIZED ACTIONS AGAINST AUDITORS: 2018–2025



Sources: <https://www.sec.gov/page/litigation>; <https://pcaobus.org/oversight/enforcement>.

- The PCAOB and SEC imposed \$17.9 million in monetary sanctions against auditors in 2025, a 76% decline from the average total penalties during 2022–2024, but down only 13% from the average of \$20.5 million during the Clayton/Duhnke administrations (2018–2021).
- 2023, 2024, and 2025 are the only years in our sample in which the SEC imposed lower monetary sanctions against auditors than the PCAOB.
- In 2025, the SEC brought 5.1% of the actions involving auditors and imposed 1.3% of the total monetary sanctions. By comparison, during 2022–2024, the SEC brought 21% of the

actions and imposed 70% of the penalties. During 2018–2021, the SEC brought 39% of actions and imposed 93% of the penalties.

- Year-to-year variation in total monetary sanctions is largely driven by the presence or absence of mega-settlements (defined in this report as penalties of \$10 million or more).
  - Across the sample period (2018–2025), there have been seven mega-settlements, though none occurred in 2025.
  - When mega-settlements are excluded, total monetary sanctions in 2025 were consistent with the 2022–2024 average and more than triple the 2018–2021 average.

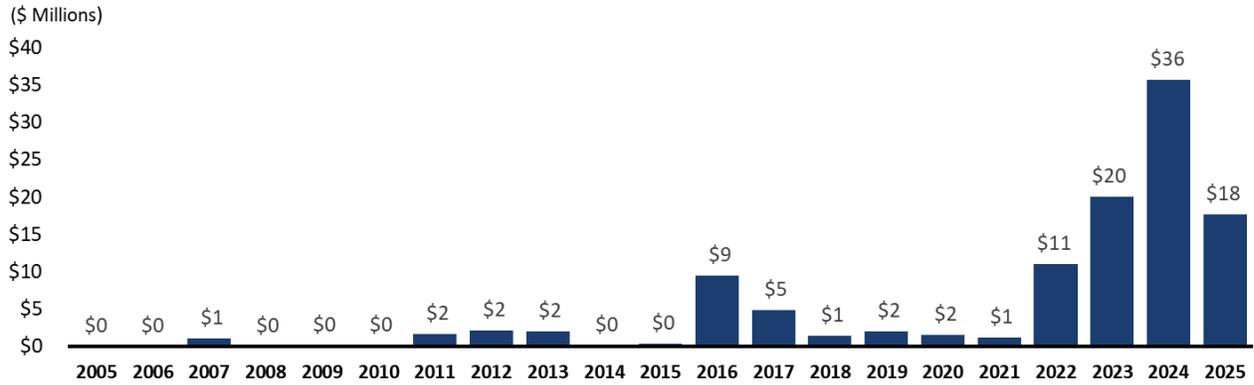
**FIGURE 14: PCAOB AND SEC MEGA-SETTLEMENTS: 2018–2025**

Year	SEC or PCAOB	Monetary Sanction	Type of Firm	Violation Category
2019	SEC	\$50 million	US GNF	Ethics/Quality Control
2021	SEC	\$10 million	US GNF	Independence/Quality Control
2022	SEC	\$100 million	US GNF	Ethics/Quality Control
2022	SEC	\$20 million	Non-US GNF	Auditing Standards/Quality Control
2023	SEC	\$10 million	US NAF	Auditing Standards/Quality Control
2024	PCAOB	\$25 million	Non-US GNF	Quality Control
2024	SEC	\$12 million	US NAF	Auditing Standards/Section 10(b)

### PCAOB ENFORCEMENT ACTIVITY

- At \$17.7 million, PCAOB penalties in 2025 were 51% lower than the record \$35.7 million in 2024, yet still ranked as the third-highest annual total in PCAOB history.
- 98% of PCAOB penalties imposed in 2025 occurred prior to Chair Williams’s departure on July 22.
- 75% of the \$112 million in penalties imposed by the PCAOB in its 21-year enforcement history were imposed during Chair Williams’s three-and-a-half-year tenure.<sup>37</sup>

**FIGURE 15: PCAOB MONETARY PENALTIES: 2005–2025**



Sources: <https://pcaobus.org/oversight/enforcement>; <https://pcaobus.org/about/annual-report>.

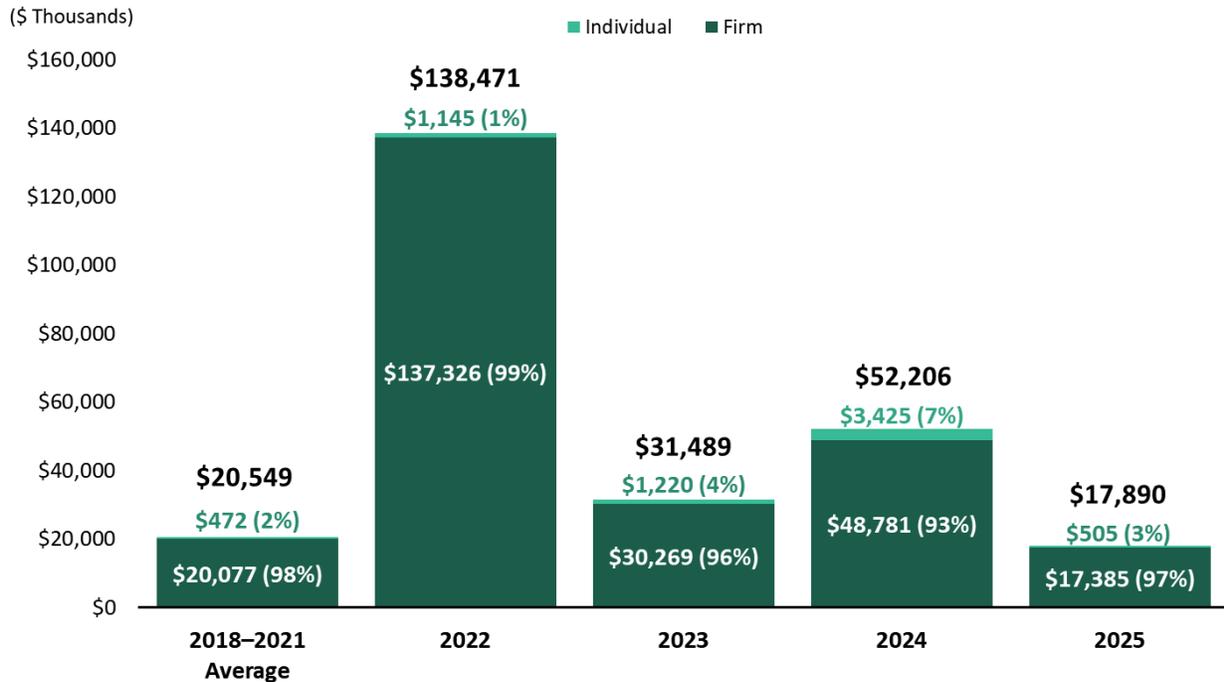
- In 2025, for the second year in a row, the PCAOB did not obtain any admissions from respondents. This is down from both 2023 and 2022, when the regulator obtained full or partial admissions of charges from three respondents in two actions and four respondents in four related actions, respectively.

### SEC ENFORCEMENT ACTIVITY

- The SEC sharply reduced monetary sanctions in 2025, imposing just \$230,000, a 99% decrease from \$16.5 million in 2024, and an 86% decline from the \$1.7 million imposed in 2020, the next lowest year of penalties in our sample.
- No respondents in finalized SEC actions in 2025 admitted wrongdoing. Across our entire sample, only one SEC action – a matter in 2022 – included an admission of the charges.

## 2. The Absence of Mega-Settlements Drove Lower Firm Penalties in 2025

FIGURE 16: TOTAL MONETARY SANCTIONS IN FINALIZED ACTIONS AGAINST AUDIT FIRMS AND INDIVIDUAL RESPONDENTS: 2018–2025



Sources: <https://www.sec.gov/page/litigation>; <https://pcaobus.org/oversight/enforcement>.

### PCAOB VS. SEC ENFORCEMENT ACTIVITY

#### Firm Respondents

- Total monetary sanctions against firms in 2025 (\$17.4 million) were down 64% from 2024 (\$48.8 million), largely reflecting the absence of mega-settlements in 2025. In 2024, there were two mega-settlements totaling \$37 million (\$25 million imposed by the PCAOB and \$12 million imposed by the SEC).
  - PCAOB monetary sanctions imposed on firms in 2025 totaled \$17.3 million, down 50% from 2024. By contrast, the SEC only imposed penalties of \$100,000 against a single audit firm in 2025.
- Fines were imposed on 97% of total firm respondents in settled or adjudicated actions in 2025, up slightly from 95% during 2022–2024.
  - For actions in which a fine was imposed, the median monetary sanction imposed by the PCAOB and SEC against firms in 2025 (\$137,500) was nearly three times the median during 2022–2024 (\$50,000).

- In 2025, the PCAOB disclosed that it rewarded six firms for their cooperation. The SEC did not disclose any instances of cooperation in 2025. Neither the SEC nor PCAOB discloses the extent to which penalties are reduced as a result of cooperation.

### Individual Respondents

- PCAOB and SEC imposed total monetary sanctions of \$0.5 million on individual respondents in 2025, an 85% decline from the \$3.43 million imposed in 2024.
  - Nearly 60% of the total penalties imposed on individuals in 2024 were due to a single \$2 million monetary sanction against Benjamin Borgers, the owner of BF Borgers.<sup>38</sup>
  - That penalty was more than 13 times larger than the next highest fine imposed on an individual respondent by either regulator in our sample.
- Fines were imposed on 81% of total individual respondents in settled or adjudicated actions in 2025, down from 93% in 2024.
  - For actions in which a fine was imposed, the median monetary sanction imposed by the PCAOB and SEC against individuals in 2025 was \$32,500, down 35% from \$50,000 in 2024.

**FIGURE 17: MONETARY SANCTIONS IN FINALIZED ACTIONS AGAINST AUDIT FIRMS AND INDIVIDUAL RESPONDENTS: 2018–2021, 2022–2024 & 2025**

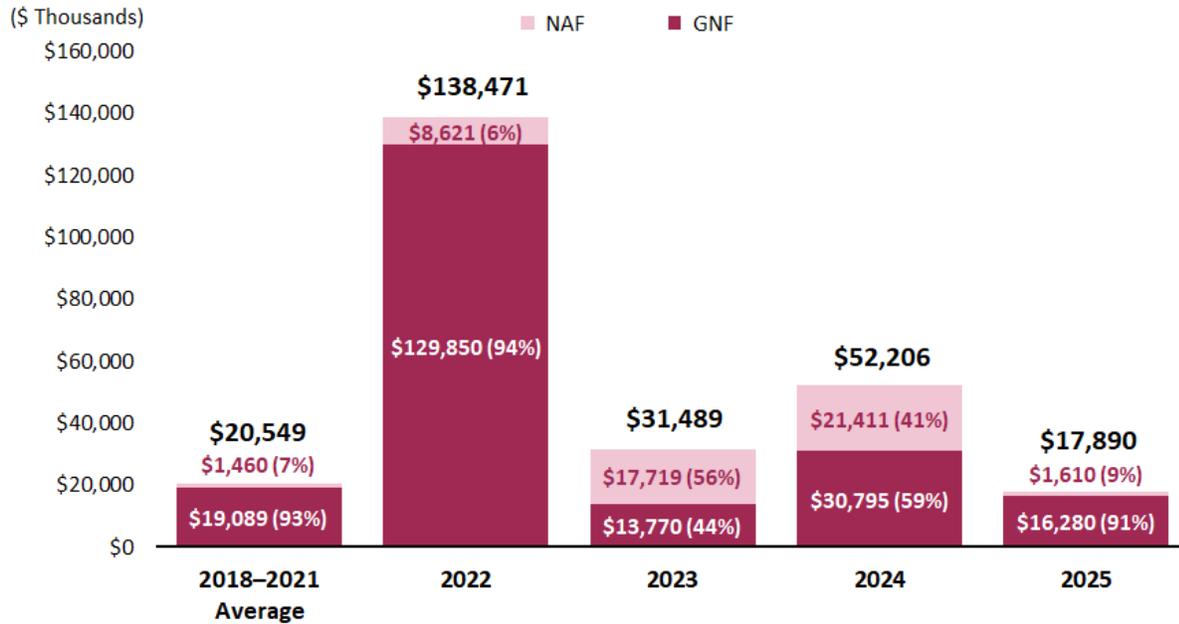
	Firms			Individuals		
	2018–2021 Average	2022–2024 Average	2025	2018–2021 Average	2022–2024 Average	2025
<b>PCAOB</b>						
Respondents	14.75	37.33	30	20.75	23.33	13
# of Respondents Fined	13.00	36.33	29	11.75	21.67	11
% of Respondents Fined	88%	97%	97%	57%	93%	85%
Max Fine	\$ 0.75 M	\$ 25.00 M	\$ 3.00 M	\$ 0.05 M	\$ 0.15 M	\$ 0.08 M
Average Fine	\$ 0.10 M	\$ 0.58 M	\$ 0.60 M	\$ 0.02 M	\$ 0.05 M	\$ 0.03 M
Median Fine	\$ 0.02 M	\$ 0.05 M	\$ 0.18 M	\$ 0.01 M	\$ 0.04 M	\$ 0.03 M
<b>Total</b>	<b>\$ 1.30 M</b>	<b>\$ 21.19 M</b>	<b>\$ 17.29 M</b>	<b>\$ 0.21 M</b>	<b>\$ 1.08 M</b>	<b>\$ 0.38 M</b>
<b>SEC</b>						
Respondents	6.75	8.00	1	15.75	16.33	3
# of Respondents Dismissed	-	1.00	-	-	5.33	-
# of Respondents Fined	5.00	5.67	1	8.00	6.33	2
% of Respondents Fined	74%	81%	100%	51%	58%	67%
Max Fine	\$ 50.00 M	\$ 100.00 M	\$ 0.10 M	\$ 0.15 M	\$ 2.00 M	\$ 0.10 M
Average Fine	\$ 3.76 M	\$ 8.99 M	\$ 0.10 M	\$ 0.03 M	\$ 0.13 M	\$ 0.07 M
Median Fine	\$ 0.10 M	\$ 0.97 M	\$ 0.10 M	\$ 0.02 M	\$ 0.03 M	\$ 0.07 M
<b>Total</b>	<b>\$ 18.78 M</b>	<b>\$ 50.94 M</b>	<b>\$ 0.10 M</b>	<b>\$ 0.26 M</b>	<b>\$ 0.85 M</b>	<b>\$ 0.13 M</b>
<b>Combined</b>						
Respondents	21.50	45.33	31	36.50	39.67	16
# of Respondents Dismissed	-	1.00	-	-	5.33	-
# of Respondents Fined	18.00	42.00	30	19.75	28.00	13
% of Respondents Fined	84%	95%	97%	54%	82%	81%
Max Fine	\$ 50.00 M	\$ 100.00 M	\$ 3.00 M	\$ 0.15 M	\$ 2.00 M	\$ 0.10 M
Average Fine	\$ 1.12 M	\$ 1.72 M	\$ 0.58 M	\$ 0.02 M	\$ 0.07 M	\$ 0.04 M
Median Fine	\$ 0.03 M	\$ 0.05 M	\$ 0.14 M	\$ 0.02 M	\$ 0.03 M	\$ 0.03 M
<b>Total</b>	<b>\$ 20.08 M</b>	<b>\$ 72.13 M</b>	<b>\$ 17.39 M</b>	<b>\$ 0.47 M</b>	<b>\$ 1.93 M</b>	<b>\$ 0.51 M</b>

Sources: <https://www.sec.gov/page/litigation>; <https://pcaobus.org/oversight/enforcement>.

Note: “% of Respondents Fined” is the number of respondents fined as a percentage of non-dismissed respondents. Average and median fines exclude settlements without fines.

### 3. GNF Respondents Faced Higher Monetary Sanctions than NAF Respondents

FIGURE 18: TOTAL MONETARY SANCTIONS IN FINALIZED ACTIONS AGAINST GNF VS. NAF RESPONDENTS: 2018–2021, 2022–2024 & 2025



Sources: <https://www.sec.gov/page/litigation>; <https://pcaobus.org/oversight/enforcement>.

#### TOTAL ENFORCEMENT ACTIVITY

##### GNF vs. NAF Respondents

- 91% of the \$17.9 million in total monetary sanctions imposed in 2025 were imposed on GNF respondents, up from 59% in 2024.
- For the third year in a row, all monetary sanctions imposed on GNF respondents in 2025 were imposed by the PCAOB.
- The maximum fine imposed on a GNF respondent (\$3 million) was six times the maximum fine imposed on an NAF respondent (\$500,000).

**FIGURE 19: MONETARY SANCTIONS IN FINALIZED ACTIONS AGAINST GNF VS. NAF RESPONDENTS: 2018–2021, 2022–2024 & 2025**

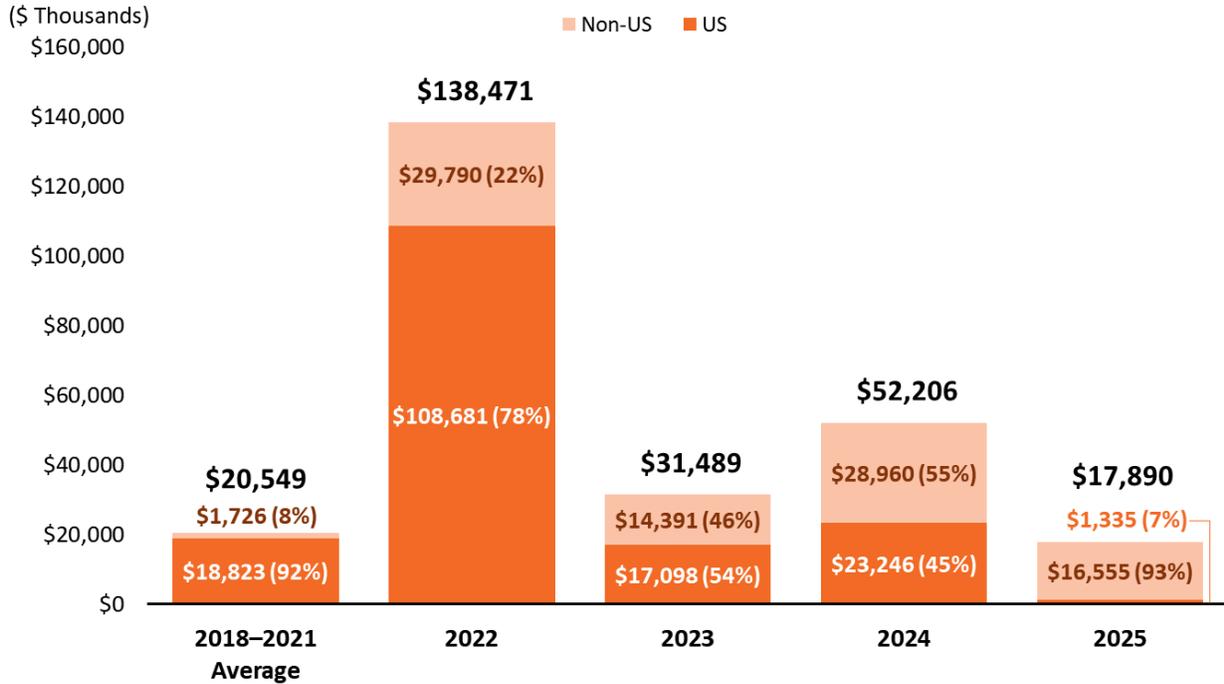
	2018–2021 Average		2022–2024 Average		2025	
PCAOB	GNF	NAF	GNF	NAF	GNF	NAF
Respondents	10.50	25.00	18.33	42.33	17	26
# of Respondents Fined	7.25	17.50	17.67	40.33	17	23
% of Respondents Fined	69%	70%	96%	95%	100%	88%
Max Fine	\$ 0.75 M	\$ 0.45 M	\$ 25.00 M	\$ 3.00 M	\$ 3.00 M	\$ 0.50 M
Average Fine	\$ 0.14 M	\$ 0.03 M	\$ 1.03 M	\$ 0.10 M	\$ 0.96 M	\$ 0.06 M
Median Fine	\$ 0.03 M	\$ 0.02 M	\$ 0.07 M	\$ 0.04 M	\$ 0.28 M	\$ 0.04 M
<b>Total (%)</b>	<b>\$ 1.00 M</b> 66%	<b>\$ 0.51 M</b> 34%	<b>\$ 18.14 M</b> 81%	<b>\$ 4.13 M</b> 19%	<b>\$ 16.28 M</b> 92%	<b>\$ 1.38 M</b> 8%
SEC	GNF	NAF	GNF	NAF	GNF	NAF
Respondents	9.00	13.50	1.33	23.00	-	4
# of Respondents Dismissed	-	-	0.67	5.67	-	-
# of Respondents Fined	4.50	8.50	0.67	11.33	-	3
% of Respondents Fined	50%	63%	100%	65%	-	75%
Max Fine	\$ 50.00 M	\$ 1.50 M	\$ 100.00 M	\$ 12.00 M	\$ 0.00 M	\$ 0.10 M
Average Fine	\$ 4.02 M	\$ 0.11 M	\$ 60.00 M	\$ 1.04 M	\$ 0.00 M	\$ 0.08 M
Median Fine	\$ 0.10 M	\$ 0.03 M	\$ 60.00 M	\$ 0.05 M	\$ 0.00 M	\$ 0.10 M
<b>Total (%)</b>	<b>\$ 18.09 M</b> 95%	<b>\$ 0.95 M</b> 5%	<b>\$ 40.00 M</b> 77%	<b>\$ 11.79 M</b> 23%	<b>\$ 0.00 M</b> 0%	<b>\$ 0.23 M</b> 100%
Combined	GNF	NAF	GNF	NAF	GNF	NAF
Respondents	19.50	38.50	19.67	65.33	17	30
# of Respondents Dismissed	-	-	0.67	5.67	-	-
# of Respondents Fined	11.75	26.00	18.33	51.67	17	26
% of Respondents Fined	60%	68%	96%	87%	100%	87%
Max Fine	\$ 50.00 M	\$ 1.50 M	\$ 100.00 M	\$ 12.00 M	\$ 3.00 M	\$ 0.50 M
Average Fine	\$ 1.62 M	\$ 0.06 M	\$ 3.17 M	\$ 0.31 M	\$ 0.96 M	\$ 0.06 M
Median Fine	\$ 0.05 M	\$ 0.02 M	\$ 0.08 M	\$ 0.04 M	\$ 0.28 M	\$ 0.04 M
<b>Total (%)</b>	<b>\$ 19.09 M</b> 93%	<b>\$ 1.46 M</b> 7%	<b>\$ 58.14 M</b> 79%	<b>\$ 15.92 M</b> 21%	<b>\$ 16.28 M</b> 91%	<b>\$ 1.61 M</b> 9%

Sources: <https://www.sec.gov/page/litigation>; <https://pcaobus.org/oversight/enforcement>.

Note: “% of Respondents Fined” is the number of respondents fined as a percentage of non-dismissed respondents. Average and median fines exclude actions without fines.

## 4. Non-US Respondents Faced Higher Monetary Sanctions than US Respondents

FIGURE 20: TOTAL MONETARY SANCTIONS IN FINALIZED ACTIONS AGAINST US AND NON-US RESPONDENTS: 2018–2025



Source: <https://www.sec.gov/page/litigation>; <https://pcaobus.org/oversight/enforcement>.

### TOTAL ENFORCEMENT ACTIVITY

#### US vs. Non-US Respondents

- Non-US respondents accounted for 93% of total monetary sanctions in 2025, extending a multi-year upward trend from 55% in 2024, 46% in 2023, 22% in 2022, and just 8% during 2018–2021.
- The median penalty imposed on non-US respondents in 2025 (\$250,000) was more than seven times the median penalty for US respondents (\$33,730).

**FIGURE 21: MONETARY SANCTIONS IN FINALIZED ACTIONS AGAINST US AND NON-US RESPONDENTS: 2018–2021, 2022–2024 & 2025**

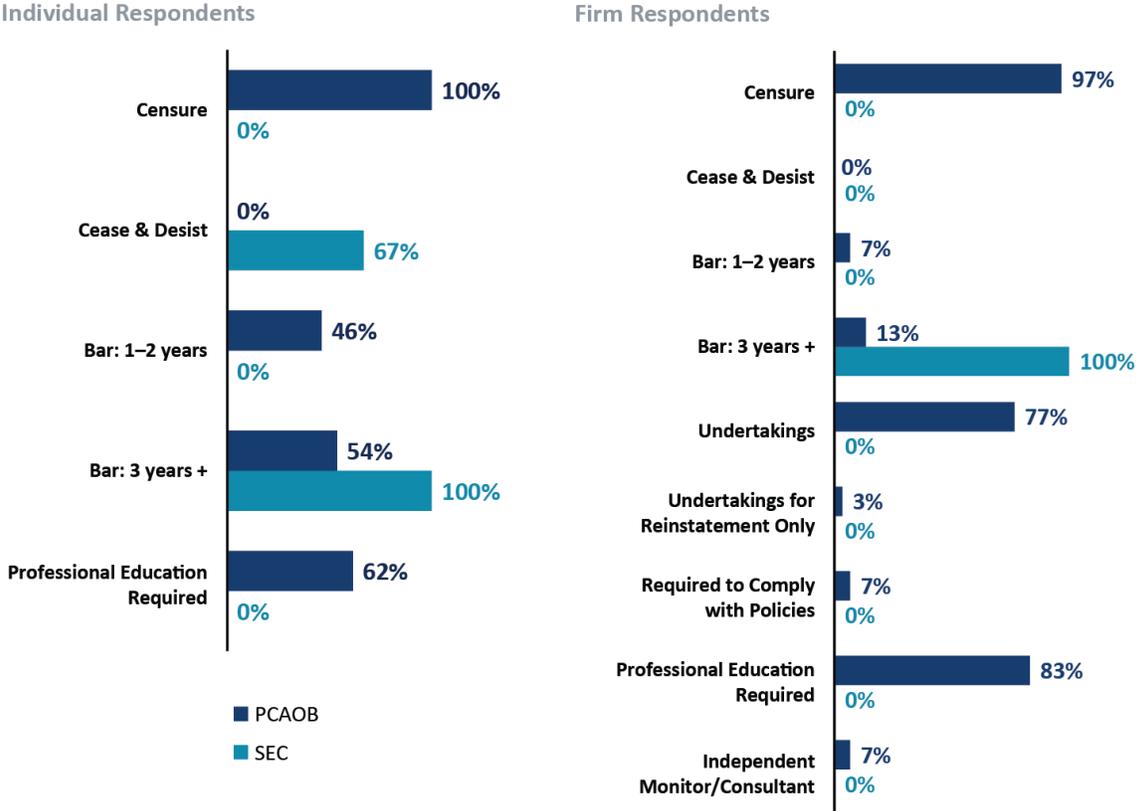
	2018–2021 Average		2022–2024 Average		2025	
PCAOB	US	Non-US	US	Non-US	US	Non-US
Respondents	24.00	11.50	33.33	27.33	24	19
# of Respondents Fined	15.25	9.50	32.67	25.33	21	19
% of Respondents Fined	64%	83%	98%	93%	88%	100%
Max Fine	\$ 0.75 M	\$ 0.50 M	\$ 3.00 M	\$ 25.00 M	\$ 0.50 M	\$ 3.00 M
Average Fine	\$ 0.05 M	\$ 0.08 M	\$ 0.15 M	\$ 0.68 M	\$ 0.06 M	\$ 0.86 M
Median Fine	\$ 0.02 M	\$ 0.01 M	\$ 0.04 M	\$ 0.05 M	\$ 0.04 M	\$ 0.28 M
<b>Total</b>	<b>\$ 0.78 M</b>	<b>\$ 0.73 M</b>	<b>\$ 4.99 M</b>	<b>\$ 17.28 M</b>	<b>\$ 1.31 M</b>	<b>\$ 16.36 M</b>
<b>(%)</b>	<b>52%</b>	<b>48%</b>	<b>22%</b>	<b>78%</b>	<b>7%</b>	<b>93%</b>
SEC	US	Non-US	US	Non-US	US	Non-US
Respondents	19.50	3.00	22.00	2.33	2	2
# of Respondents Dismissed	-	-	6.33	-	-	-
# of Respondents Fined	11.50	1.50	9.67	2.33	1	2
% of Respondents Fined	59%	50%	62%	100%	50%	100%
Max Fine	\$ 50.00 M	\$ 2.01 M	\$ 100.00 M	\$ 20.00 M	\$ 0.03 M	\$ 0.10 M
Average Fine	\$ 1.57 M	\$ 0.67 M	\$ 4.62 M	\$ 3.04 M	\$ 0.03 M	\$ 0.10 M
Median Fine	\$ 0.03 M	\$ 0.12 M	\$ 0.08 M	\$ 0.03 M	\$ 0.03 M	\$ 0.10 M
<b>Total</b>	<b>\$ 18.04 M</b>	<b>\$ 1.00 M</b>	<b>\$ 44.69 M</b>	<b>\$ 7.10 M</b>	<b>\$ 0.03 M</b>	<b>\$ 0.20 M</b>
<b>(%)</b>	<b>95%</b>	<b>5%</b>	<b>86%</b>	<b>14%</b>	<b>13%</b>	<b>87%</b>
Combined	US	Non-US	US	Non-US	US	Non-US
Respondents	43.50	14.50	55.33	29.67	26	21
# of Respondents Dismissed	-	-	6.33	-	-	-
# of Respondents Fined	26.75	11.00	42.33	27.67	22	21
% of Respondents Fined	61%	76%	86%	93%	85%	100%
Max Fine	\$ 50.00 M	\$ 2.01 M	\$ 100.00 M	\$ 25.00 M	\$ 0.50 M	\$ 3.00 M
Average Fine	\$ 0.70 M	\$ 0.16 M	\$ 1.17 M	\$ 0.88 M	\$ 0.06 M	\$ 0.79 M
Median Fine	\$ 0.02 M	\$ 0.02 M	\$ 0.04 M	\$ 0.05 M	\$ 0.03 M	\$ 0.25 M
<b>Total</b>	<b>\$ 18.82 M</b>	<b>\$ 1.73 M</b>	<b>\$ 49.67 M</b>	<b>\$ 24.38 M</b>	<b>\$ 1.34 M</b>	<b>\$ 16.56 M</b>
<b>(%)</b>	<b>92%</b>	<b>8%</b>	<b>67%</b>	<b>33%</b>	<b>7%</b>	<b>93%</b>

Source: <https://www.sec.gov/page/litigation>; <https://pcaobus.org/oversight/enforcement>.

Note: “% of Respondents Fined” is the number of respondents fined as a percentage of non-dismissed respondents. Average and median fines exclude actions without fines.

# B. Nonmonetary Sanctions in Finalized Actions

FIGURE 22: NONMONETARY SANCTIONS IMPOSED ON INDIVIDUALS AND FIRMS IN 2025 FINALIZED ACTIONS: PCAOB VS. SEC



Sources: <https://www.sec.gov/page/litigation>; <https://pcaobus.org/oversight/enforcement>.

Notes: Figures are the percentage of respondents sanctioned. “Bars” include suspensions, revocations of registrations, and denials of privileges of appearing. “Undertakings” are commitments or promises made by a party to take specific actions or refrain from certain activities to address the issues raised in the enforcement proceedings. A sanction is considered to be an “undertaking” if the word “undertake” or “undertaking” is included in the sanction language and excludes undertakings that are only required if the respondent applies for reinstatement (these sanctions are captured separately as “undertakings for reinstatement only”).

## TOTAL ENFORCEMENT ACTIVITY

- In 2025, 100% of individual respondents in settled or adjudicated actions were barred or suspended, up from 72% in 2024.
- Two firms (6% of firm respondents) established and implemented changes to their policies and procedures prior to the imposition of sanctions in 2025, down from nine firms (20%) in 2024.
- The PCAOB imposed an independent monitor or consultant on firm respondents in two actions in 2025.<sup>39</sup> By contrast, collectively, the SEC and PCAOB imposed an independent monitor or consultant on five firms in 2024.

## VI. Looking Forward: Our Predictions for 2026 and Beyond

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The developments of 2025 reflect a marked shift in the enforcement landscape for auditors, with implications that will extend into 2026 and beyond. Below, we discuss specific predictions.

### A. SEC Enforcement Activity in 2026 Will Increase Moderately but Remain Below Historic Levels

We expect SEC auditing enforcement activity in 2026 to increase moderately from the record lows observed in 2025, while remaining well below historical levels. SEC enforcement activity in 2025 was unusually subdued, reflecting a confluence of factors – only some of which are expected to persist:

- Enforcement actions have historically declined during the first year of a new presidential administration, as the SEC requires time to install leadership, staff key positions, and translate new policy priorities into active enforcement programs.
- Reduced staffing levels constrained enforcement capacity throughout 2025. Buyouts, reduction-in-force initiatives, and a hiring freeze led various sources to estimate that agency staff and contractors declined by as much as 15% during the year. The Enforcement Division was particularly affected, with a disproportionate number of senior personnel departing.
- The government shutdown in the fall disrupted enforcement activity by halting much of the SEC’s work for more than a month.
- The Supreme Court’s 2024 *Jarkesy* decision in 2024 – which curtailed the SEC’s use of administrative proceedings to seek civil penalties in securities fraud cases – slowed enforcement by increasing reliance on more resource-intensive federal court litigation.

Conditions shaping enforcement in early 2026 differ in important respects. The SEC’s enforcement leadership team is now largely in place, enabling the Division to execute more consistently on its stated priorities, including a “back-to-basics” focus on accounting fraud and matters involving demonstrable investor harm.

At the same time, meaningful constraints remain. Enforcement staffing and funding levels remain below prior peaks, *Jarkesy* continues to raise the cost and complexity of litigating

contested cases, and the Commission has articulated a deliberate cultural shift away from maximizing enforcement statistics toward a more measured enforcement posture emphasizing case quality over volume.

Taken together, these factors support an outlook in which SEC auditing enforcement activity rebounds modestly in 2026 from the unusually low levels of 2025, but remains well below the levels observed under former Chair Clayton during President Trump’s first term.

## B. The Number of PCAOB Actions Will Drop Substantially, with Even Larger Declines in Penalties

We expect PCAOB enforcement activity in 2026 to decline substantially, with a more pronounced reduction in total penalties assessed.

Enforcement outcomes in 2025 were largely shaped by priorities established before former Chair Williams’s departure, as enforcement activity declined substantially following her exit. Notably, only 16% of PCAOB enforcement actions and just 2% of total penalties assessed in 2025 were brought during the five and a half months after Chair Williams’s departure. This shift provides an early indicator of the enforcement approach likely to prevail in 2026.

Under its newly constituted board, PCAOB enforcement activity in 2026 will likely revert toward pre-Williams norms. From 2018 through 2021, the PCAOB averaged approximately 23 enforcement actions per year. A return to that pace would represent a decline of nearly 40% from 2025 levels. A similar reversion in penalties would result in annual penalties of approximately \$1.5 million – the average assessed during the 2018–2021 period – representing an estimated 85% reduction from 2025 totals.

Several structural and policy signals support this outlook. Most notably, SEC Chair Atkins has appointed new board members aligned with his stated regulatory philosophy. In a January 30 press release, Chair Atkins expressed confidence that “this new Board will usher in a new day at the PCAOB – one of sensible, efficient oversight of auditors,” and stated that he intends to “actively engage with the new Board as it pursues the PCAOB’s priorities and objectives.”<sup>40</sup>

In addition, as previously discussed, enforcement has been de-emphasized as a formal “pillar” of the PCAOB’s investor-protection framework, reflecting a broader shift away from maximizing enforcement metrics and toward more targeted interventions tied to investor risk. Consistent with that shift, the PCAOB’s 2026 enforcement budget reflects a 15% reduction from 2025, suggesting reduced appetite and capacity for high-volume enforcement.<sup>41</sup>

## C. There Will be Increased Focus on Non-US Auditors in Countries Posing “Unique Investor Risk”

Recent enforcement trends and policy developments suggest that both the SEC and the PCAOB are increasingly focused on cross-border audit risk, with particular attention to non-US auditors operating in higher-risk jurisdictions.

As shown in Figure 9, nearly half of the PCAOB’s enforcement actions over the past four years have involved non-US respondents, reflecting the Board’s longstanding concerns regarding audit quality and oversight challenges outside the United States. By contrast, approximately 90% of the SEC’s auditor enforcement during the same period has been directed at US respondents.

We expect this divergence to narrow. The SEC’s Cross-Border Task Force signals heightened attention to foreign-based conduct and the “gatekeepers,” including auditors, that facilitate foreign issuers’ access to US capital markets. While the Task Force’s mandate is not limited to auditors, its focus on jurisdictions characterized by governmental influence, limited transparency, and access restrictions suggests a greater willingness by the Commission to pursue enforcement involving non-US audit firms where investor risks are elevated.

This anticipated shift is reinforced by the broader national security and investor-protection framework articulated by the Trump Administration. The February 2025 *America First Investment Policy* explicitly identifies several “foreign adversaries” – including China, Cuba, Iran, North Korea, Russia, and Venezuela – and underscores the importance of safeguarding US national and economic security through heightened scrutiny of cross-border investment activity involving those jurisdictions.<sup>42</sup>

Related concerns were echoed in a May 20, 2025, letter from a coalition of state treasurers to Chair Atkins, which urged the SEC to assess whether it can adequately confirm Chinese issuers’ compliance with core Exchange Act requirements and to coordinate with the PCAOB regarding the ability to inspect audits conducted for China-based, US-listed companies under the Holding Foreign Companies Accountable Act of 2020.<sup>43</sup>

Taken together, these developments suggest a regulatory environment increasingly attuned to cross-border audit risk, with non-US auditors – particularly those in high-risk jurisdictions – likely to face heightened scrutiny from both the SEC and the PCAOB.

## D. Other Enforcement Priorities

### SEC

We expect SEC enforcement involving auditors to increasingly prioritize independence violations and cases in which inadequate professional skepticism contributed to failures to prevent or detect fraud resulting in investor harm. This projected focus aligns with Chair Atkins’s repeated emphasis on a “back-to-basics” approach to the accounting profession, centered on integrity, objectivity, independence, and professional skepticism as the core mechanisms through which auditors fulfill their investor-protection role.<sup>44</sup>

As Chair Atkins has explained, these principles are “the reason why we have auditors and accountants to begin with,” underscoring the expectation that auditors rigorously challenge management judgments, identify areas of heightened risk, and respond appropriately when red flags arise.

Chair Atkins has also signaled heightened sensitivity to emerging threats to auditor independence as the profession’s structure continues to evolve. He has cautioned that developments such as accounting firms acquiring law firms, private equity investment in audit firms, and the consolidation or “roll-up” of accounting practices may raise independence concerns that warrant close regulatory scrutiny. Against this backdrop, we expect the SEC to view independence lapses and failures of professional skepticism as foundational breakdowns that undermine audit quality and investor confidence – making such cases natural candidates for enforcement where investor harm can be demonstrated.

### PCAOB

Statements by Mr. Ryan – then Chief Counsel of the PCAOB’s Division of Enforcement and Investigations and now its Acting Director – at the December 2025 AICPA conference reflect a closely aligned enforcement posture. Mr. Ryan indicated that the PCAOB will prioritize matters involving (1) significant audit failures reflecting a lack of due professional care and professional skepticism; (2) serious independence violations; (3) interference with PCAOB processes and other ethical breaches; and (4) material quality-control failures.

He emphasized that the most enforcement-worthy audit quality cases typically involve clear breakdowns in professional skepticism – particularly where an auditor identifies a significant risk but fails to respond appropriately – rather than technical or isolated deficiencies. Mr. Ryan further identified cases warranting enforcement attention as those involving egregious

conduct, such as the improper alteration of work papers or instances in which firms undertake complex audits without the requisite capability or experience.<sup>45</sup>

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The extent to which these predictions materialize in 2026 or thereafter remains to be seen. We will continue to follow developments in enforcement activity against auditors in mid-year and annual updates to this report

## VII. Appendix: Defined Terms

<b>Auditing standards violation</b>	Violation of PCAOB Rule 3200, a specific AICPA or PCAOB auditing standard, and/or an AICPA attestation standard. Excludes actions in which the only alleged violation relates to a QC standard.
<b>Auditors</b>	Public accounting firms and individuals associated with public accounting firms.
<b>Bar</b>	Includes bars, suspension, revocation of registration, or denial of privilege of appearing.
<b>Clayton/Duhnke administrations</b>	Proxied by 2018–2021. For the SEC, former Chair Jay Clayton served from May 2017 to December 2020. For the PCAOB, former Chair William D. Duhnke III served from January 2018 to June 2021.
<b>Ethics or independence violation</b>	Violation of PCAOB Rule 3500T, PCAOB Rules 3520–3526, and/or Rule 2-01 of Regulation S-X. Excludes actions solely alleging violations of QC standards related to ethics or independence.
<b>Failure to supervise violation</b>	Violation of SOX 105(c)(6).
<b>Finalized action</b>	Includes settled, adjudicated, and dismissed actions. Most settled actions are initiated and finalized on the same day.
<b>Gensler/Williams administrations</b>	Proxied by the years 2022–2024. For the PCAOB, Chair Williams was sworn in January 2022 and left the PCAOB on July 22, 2025. For the SEC, Chair Gensler was sworn into office in April 2021, followed by Enforcement Director Grewal in late July. As such, 2022 was the first full year under the Gensler administration. Mr. Gensler stepped down on January 20, 2025.
<b>Global networks</b>	The six large global networks identified by the PCAOB are: BDO International Limited, Deloitte Touche Tohmatsu Limited, Ernst & Young Global Limited, Grant Thornton International Limited, KPMG International Cooperative, and PricewaterhouseCoopers International Limited. <sup>46</sup>
<b>Global network firm (GNF)</b>	A firm that is a member of one of the six large global networks identified by the PCAOB.
<b>GNF respondent</b>	A firm or individual respondent that is associated with a GNF.
<b>Individuals associated with a public accounting firm</b>	Professionals employed by a public accounting firm. Includes auditors and non-auditors involved with audit-related issues (e.g., tax preparers and attorneys in matters alleging independence violations).

<b>Initiated action</b>	The first action related to a particular matter. Most actions are initiated and finalized on the same day.
<b>Mega-settlement</b>	Monetary sanctions greater than or equal to \$10 million.
<b>Monetary sanctions</b>	Civil money penalties. For SEC actions, also includes disgorgement and pre-judgment interest. For actions in which the PCAOB or SEC impose joint and several penalties upon an individual and a firm, our analysis allocates half of the monetary sanction to the individual and half to the firm.
<b>NAF respondent</b>	An individual or firm respondent that is not associated with a GNF.
<b>Non-affiliated firm (NAF)</b>	A firm that is not identified as a GNF.
<b>Non-cooperation violation</b>	For PCAOB actions, violation of PCAOB Rules 4006 and/or 5110.
<b>Non-US respondent</b>	Firm respondents headquartered outside the United States or individual respondents associated with a firm headquartered outside of the United States.
<b>PCAOB actions</b>	All settled and adjudicated disciplinary orders available at <a href="https://pcaobus.org/oversight/enforcement/enforcement-actions">https://pcaobus.org/oversight/enforcement/enforcement-actions</a> .
<b>Public accounting firm</b>	Any proprietorship, partnership, incorporated association, corporation, limited liability company, limited liability partnership, or other legal entity that is engaged in the practice of public accounting or preparing or issuing audit reports.
<b>Quality control (QC) violation</b>	Violation of PCAOB Rule 3400T and/or a specific PCAOB or AICPA quality control standard.
<b>Required to comply with policies</b>	A requirement for a firm to comply with revised policies and procedures that were established by the firm to address the deficiencies addressed in the enforcement action prior to the imposition of sanctions by the regulator.
<b>Registration or reporting violation</b>	For PCAOB actions, violation of PCAOB Rules 2100, 2200, 2201, 2202, 2203, and/or 3211.
<b>Respondents</b>	Individuals and/or firms listed as respondents in PCAOB and SEC administrative proceedings or defendants in SEC civil actions.
<b>SEC actions</b>	SEC enforcement actions involving respondents that are public accounting firms or individuals associated with a public accounting firm, available at <a href="https://www.sec.gov/litigation/litreleases">https://www.sec.gov/litigation/litreleases</a> or <a href="https://www.sec.gov/divisions/enforce/friactions">https://www.sec.gov/divisions/enforce/friactions</a> . An initial action and a related follow-on action are counted as one action.
<b>Sweep</b>	PCAOB investigations of multiple firms simultaneously for the same potential violation.

## Undertaking

A commitment or promise made by a party to take specific actions or refrain from certain activities to address the issues raised in the enforcement proceedings. In this report, a sanction is considered to be an “undertaking” if the word “undertake” or “undertaking” is included in the sanction language and excludes undertakings that are only required if the respondent applies for reinstatement (these sanctions are captured separately as “undertakings for reinstatement only”). Also excludes requirements to comply with policies and procedures that were revised prior to the imposition of sanctions.

## US respondent

Firm respondent headquartered in the United States or individual respondent associated with a firm headquartered in the United States.

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- <sup>1</sup> Former SEC Chair Jay Clayton served from May 2017 to December 2020. Chair Gensler was sworn into office in April 2021, followed by Enforcement Director Gurbir Grewal in late July. As such, 2022 was the first full year under the Gensler administration.  
Former PCAOB Chair William D. Duhnke III served from January 2018 to June 2021. Chair Williams was sworn in January 2022 and left the PCAOB on July 22, 2025.
  - <sup>2</sup> Testimony of Paul S. Atkins before the United States House Appropriations Subcommittee on Financial Services and General Government, May 20, 2025, <https://docs.house.gov/meetings/AP/AP23/20250520/118265/HHRG-119-AP23-Wstate-AtkinsP-20250520.pdf>.
  - <sup>3</sup> US Securities and Exchange Commission press release, “SEC Announces Formation of Cross-Border Task Force to Combat Fraud,” September 5, 2025, <https://www.sec.gov/newsroom/press-releases/2025-113-sec-announces-formation-cross-border-task-force-combat-fraud>.
  - <sup>4</sup> The PCAOB disclosed its first finalized enforcement actions in 2005.
  - <sup>5</sup> Chris Prentice, “US SEC taps senior military judge to be enforcement director,” *Thomson Reuters*, August 21, 2025, <https://kwsn.com/2025/08/21/us-sec-taps-senior-military-judge-to-be-enforcement-director/>.
  - <sup>6</sup> US Securities and Exchange Commission, “Margaret Ryan,” <https://www.sec.gov/about/division-office-directors/margaret-ryan>.
  - <sup>7</sup> Tonya J. Blocker, “Saved by the Byrd Rule: PCAOB Survives the One Big Beautiful Bill,” *TXCPA*, September 5, 2025, <https://www.tx.cpa/news-publications/todays-cpa-magazine/issues/article/september-october-2025/2025/09/05/saved-by-the-byrd-rule-pcaob-survives-the-one-big-beautiful-bill>; CPA Practice Advisor, “PCAOB Gets New Life—For Now—Thanks to the Senate’s Nonpartisan Referee,” June 23, 2025, <https://www.cpapracticeadvisor.com/2025/06/23/pcaob-gets-new-life-for-now-thanks-to-an-unlikely-source/163580/>.
  - <sup>8</sup> Jacob Horowitz, “House Bill Looks to Dissolve the PCAOB, Cut Regulatory Budgets,” May 8, 2025, <https://internalaudit360.com/house-bill-looks-to-dissolve-the-pcaob-cut-regulatory-budgets>; Berman Tobacco, “Undermining Oversight: Congress Moves to Dismantle the PCAOB,” May 6, 2025, <https://www.bermantabacco.com/articles/undermining-oversight-congress-moves-to-dismantle-pcaob>.
  - <sup>9</sup> Soyoung Ho, “Former Regulators, Academics Say Provision to Eliminate PCAOB Violates ‘Byrd Rule,’” *Thomson Reuters*, June 6, 2026, <https://tax.thomsonreuters.com/news/former-regulators-academics-say-provision-to-eliminate-pcaob-violates-byrd-rule/>; Cooley, “The Coming SEC-PCAOB Merger? Arguments Against Abolishing the PCAOB,” May 8, 2025, <https://governancebeat.cooley.com/the-coming-sec-pcaob-merger-arguments-against-abolishing-the-pcaob/>; TheCorporateCounsel.net, “The PCAOB’s Future: A Setback Emerges for Elimination,” June 23, 2025, <https://www.thecorporatecounsel.net/blog/2025/06/the-pcaobs-future-a-setback-emerges-for-elimination.html>.

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- <sup>10</sup> Walden Siew and Mark Maurer, “PCAOB Chair Erica Williams to Resign at Request of SEC Chairman,” *The Wall Street Journal*, July 15, 2025, [https://www.wsj.com/articles/pcaob-chair-erica-williams-to-resign-at-request-of-sec-chairman-81203556?mod=article\\_inline](https://www.wsj.com/articles/pcaob-chair-erica-williams-to-resign-at-request-of-sec-chairman-81203556?mod=article_inline).
- <sup>11</sup> Public Company Accounting Oversight Board, “George R. Botic,” <https://pcaobus.org/about/the-board/board-bios/george-r-botic>; US Securities and Exchange Commission, “Statement on Commencement of Appointment Process for Five Public Company Accounting Oversight Board Seats,” Paul S. Atkins, July 23, 2025, <https://www.sec.gov/newsroom/speeches-statements/atkins-pcaob-board-072325>.
- <sup>12</sup> Michael Cohn, “SEC Aims to Renew Global Coordination of Accounting, Auditing Standards,” *Accounting Today*, December 8, 2025, <https://www.accountingtoday.com/news/sec-plans-to-renew-convergence-of-accounting-auditing-standards>.
- <sup>13</sup> Public Company Accounting Oversight Board News Release, “PCAOB Chairman Logothetis and Board Members Calabria and Laughton Sworn In Today,” February 10, 2026, <https://pcaobus.org/news-events/news-releases/news-release-detail/pcaob-chairman-logothetis-board-members-calabria-and-laughton-sworn-in-today>.
- <sup>14</sup> Soyoung Ho, “SEC Names New PCAOB Chairman and Board Members, Marking Leadership Shift,” *Thomson Reuters*, February 2, 2026, <https://tax.thomsonreuters.com/news/sec-names-new-pcaob-chairman-and-board-members-marking-leadership-shift>.
- <sup>15</sup> See, e.g., Testimony of Paul S. Atkins before the United States House Appropriations Subcommittee on Financial Services and General Government, May 20, 2025, <https://docs.house.gov/meetings/AP/AP23/20250520/118265/HHRG-119-AP23-Wstate-AtkinsP-20250520.pdf>.
- <sup>16</sup> Paul S. Atkins Keynote Address at the 25<sup>th</sup> Annual A.A. Sommer, Jr. Lecture on Corporate, Securities, and Financial Law, October 7, 2025, <https://www.sec.gov/newsroom/speeches-statements/atkins-100925-keynote-address-25th-annual-aa-sommer-jr-lecture-corporate-securities-financial-law>.
- <sup>17</sup> *ibid.*
- <sup>18</sup> *ibid.* (“We also need to make certain that we have the right incentive structure in place for our enforcement staff as they carry out their work to protect investors and safeguard our markets. If we reward the staff only for bringing enforcement actions, then we have discouraged the staff from determining not to recommend an enforcement action. A basic tenet of management is, ‘You get what you measure.’ The wrong incentives make it more difficult for the staff to follow the evidence and the law wherever it leads and instead encourage the staff to stretch the boundaries of existing law. Our goal is to reward the staff for their quality work and judgement on cases to bring, violations to charge, and relief to seek.”).
- <sup>19</sup> *Financial Times*, “Meg Ryan Appointed SEC’s Top Cop,” August 21, 2025, <https://www.ft.com/content/5ebb0aaf-54c8-4169-9b44-e15c02b94437>.
- <sup>20</sup> US Securities and Exchange Commission, “Remarks to the Los Angeles County Bar Association,” Margaret Ryan, Director of Enforcement, <https://www.sec.gov/newsroom/speeches-statements/margaret-ryan-02-11-26-remarks-los-angeles-county-bar-association>.
- <sup>21</sup> Remarks prepared for 2025 AICPA Conference, “Like a Sentinel Standing Watch, the Financial Statement Auditor Is Indispensable to the Capital Markets,” December 9, 2025, <https://pcaobus.org/news-events/speeches/speech-detail/like-a-sentinel-standing-watch--the-financial-statement-auditor-is-indispensable-to-the-capital-markets> (“The third pillar of the PCAOB’s efforts to protect investors is by promoting transparency into the audit process through the adoption of Form AP and Critical Audit Matters or CAMs.”). Under Chair Williams, the three pillars were standards, inspections, and enforcement. See “Chair Williams Delivers Remarks at Standards and Emerging Issues Advisory Group Meeting Remarks,” November, 12, 2024, <https://pcaobus.org/news-events/speeches/speech-detail/chair-williams-delivers-remarks-at-standards-and-emerging-issues-advisory-group-meeting>.
- <sup>22</sup> Public Company Accounting Oversight Board, *Fiscal Year 2026 Public Budget*, [https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/fiscal\\_year\\_budgets/1a-2026-public-budget.pdf?sfvrsn=9a973268\\_2](https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/fiscal_year_budgets/1a-2026-public-budget.pdf?sfvrsn=9a973268_2).

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- <sup>23</sup> 2025 AICPA Conference on Current SEC and PCAOB Developments, December 9, 2025.
- <sup>24</sup> US Securities and Exchange Commission press release, “SEC Announces Formation of Cross-Border Task Force to Combat Fraud,” September 5, 2025, <https://www.sec.gov/newsroom/press-releases/2025-113-sec-announces-formation-cross-border-task-force-combat-fraud>.
- <sup>25</sup> US Securities and Exchange Commission, Release No. 34-100968, “Public Company Accounting Oversight Board; Order Granting Approval of QC 1000, A Firm’s System of Quality Control, and Related Amendments to PCAOB Standards, Rules, and Forms,” September 9, 2024, [https://assets.pcaobus.org/pcaob-dev/docs/default-source/rulemaking/docket046/34-100968.pdf?sfvrsn=6c0ced5c\\_2](https://assets.pcaobus.org/pcaob-dev/docs/default-source/rulemaking/docket046/34-100968.pdf?sfvrsn=6c0ced5c_2)
- <sup>26</sup> *2024 Enforcement Activity Involving Auditors*, The Brattle Group, March 2025, [brattle.com/wp-content/uploads/2025/03/2024-PCAOB-and-SEC-Audit-Enforcement-Activity.pdf](https://brattle.com/wp-content/uploads/2025/03/2024-PCAOB-and-SEC-Audit-Enforcement-Activity.pdf); *Thomson Reuters*, “Unveiling the New PCAOB Standard QC 1000: A Leap Towards Enhanced Audit Quality,” May 16, 2024, <https://tax.thomsonreuters.com/blog/unveiling-the-new-pcaob-standard-qc-1000/#:%7E:text=The%20adoption%20of%20QC%201000,navigate%20an%20ever%2Dchanging%20landscape>.
- <sup>27</sup> Public Company Accounting Oversight Board News Release, “PCAOB Postpones Effective Date of QC 1000 and Related Standards, Rules, and Forms,” August 28, 2025, <https://pcaobus.org/news-events/news-releases/news-release-detail/pcaob-postpones-effective-date-of-qc-1000-and-related-standards--rules--and-forms>.
- <sup>28</sup> “Letter from the Center for Audit Quality to George Botic, Re: PCAOB Standard A Firm’s System of Quality Control and Other Amendments to PCAOB Standards, Rules, and Forms (SEC Release No. 34-100968),” July 23, 2025, <https://thecaq.wpenginepowered.com/wp-content/uploads/2025/07/CAQ-Letter-to-PCAOB-Signed-QC-1000-RFD-7.23.25.pdf>.
- <sup>29</sup> Soyoung Ho, “SEC Urges PCAOB to Delay New Audit Quality Control Standard Amid Industry Pushback, Sources Say,” *Thomson Reuters*, August 28, 2025, <https://tax.thomsonreuters.com/news/sec-urges-pcaob-to-delay-new-audit-quality-control-standard-amid-industry-pushback-sources-say/>.
- <sup>30</sup> Michael Cohn, “Koziel warns of threats to CPA profession,” *Accounting Today*, January 21, 2026, <https://www.accountingtoday.com/news/aicpa-ceo-mark-koziel-warns-of-threats-to-cpa-profession> (“QC 1000 took it way beyond where we were on just those two standards, so there was a lot of pushback. It’s a big expense for firms to have even adopted it. That has now been paused. It hasn’t been eliminated, but it’s been paused. It takes a new PCAOB board to eliminate it. If I were to bet on it, I would think that at some point QC 1000 may eventually just go away.”).
- <sup>31</sup> See *2024 Enforcement Activity Involving Auditors* for additional discussion of the *Jarkesy* matter, <https://www.brattle.com/wp-content/uploads/2025/03/2024-PCAOB-and-SEC-Audit-Enforcement-Activity.pdf>.
- <sup>32</sup> Jessica Corso, “SEC Defeats Post-Jarkesy Challenge to Industry Bans,” *Law360*, January 8, 2026, <https://www.law360.com/articles/2428018/sec-defeats-post-jarkesy-challenge-to-industry-bans>.
- <sup>33</sup> Public Company Accounting Oversight Board, *2022 Annual Report*, March 28, 2023, p. 11, [https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/annual\\_reports/2022-annual-report\\_final.pdf](https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/annual_reports/2022-annual-report_final.pdf).
- <sup>34</sup> In March 11, 2025, the PCAOB disclosed enforcement actions related to nine KPMG GNFs for Rule 3211 Form AP and quality control violations but did not characterize these actions as being part of a sweep. See “PCAOB Sanctions Nine KPMG Global Network Firms for Violations of PCAOB Rules and Standards, Including Quality Control,” March 11, 2025, <https://pcaobus.org/news-events/news-releases/news-release-detail/pcaob-sanctions-nine-kpmg-global-network-firms-for-violations-of-pcaob-rules-and-standards--including-quality-control>.
- <sup>35</sup> Statistics provided in this section are as a percent of actions alleging one or more auditing or attestation standard violations.
- <sup>36</sup> The PCAOB and SEC brought actions involving CAMs for the first time in 2023. CAMs have been required under AS 3101, *The Auditor’s Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion*, for fiscal years ending on or after June 30, 2019 (for large accelerated filers) or December 15, 2020 (for other companies).

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- <sup>37</sup> The PCAOB disclosed its first finalized enforcement actions in 2005.
- <sup>38</sup> US Securities and Exchange Commission Release No 33-11283, May 3, 2024, <https://www.sec.gov/files/litigation/admin/2024/33-11283.pdf>.
- <sup>39</sup> In addition, in 2025, three non-US GNFs were to be under strict supervision by their country’s regulator, which conducted concurrent investigations with the PCAOB.
- <sup>40</sup> US Securities and Exchange Commission press release, “SEC Appoints New Chairman and Board Member to PCAOB,” January 30, 2026, <https://www.sec.gov/newsroom/press-releases/2026-16-sec-appoints-new-chairman-board-members-pcaob>.
- <sup>41</sup> Public Company Accounting Oversight Board press release, “PCAOB Approves 2026 Budget,” December 19, 2025, <https://pcaobus.org/news-events/news-releases/news-release-detail/pcaob-approves-2026-budget>; Public Company Accounting Oversight Board 2026 Budget, [https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/fiscal\\_year\\_budgets/1a-2026-public-budget.pdf?sfvrsn=9a973268\\_2](https://assets.pcaobus.org/pcaob-dev/docs/default-source/about/administration/documents/fiscal_year_budgets/1a-2026-public-budget.pdf?sfvrsn=9a973268_2).
- <sup>42</sup> America First Investment Policy, The White House, February 21, 2025, <https://www.whitehouse.gov/presidential-actions/2025/02/america-first-investment-policy/>.
- <sup>43</sup> Letter to Paul Atkins from state financial officers, May 20, 2025, <https://sfof.com/wp-content/uploads/2025/05/Delisting-Letter.pdf>.
- <sup>44</sup> 2025 AICPA Conference on Current SEC and PCAOB Developments, December 8, 2025.
- <sup>45</sup> *ibid.*
- <sup>46</sup> See “Global Network Firms,” PCAOB, accessed January 27, 2026, <https://pcaobus.org/oversight/registration/global-network-firms>.