

## SEC Charges Audit Partners with Misconduct

June 2020

On May 18, 2020, the SEC settled charges<sup>1</sup> against three partners of an international accounting firm for improperly sharing answers to questions contained in internal training examinations required by the accounting firm and for subsequent wrongdoing in the context of the firm's investigation into their actions (including deleting incriminating text messages following a document preservation notice and making misrepresentations to the investigators).

Even though none of these actions directly affected any public companies, the SEC found that the audit partners willfully violated PCAOB Rule 3500T, which requires accountants to comply with ethics standards and to maintain the integrity of the profession, which then constituted violations of Section 4C(a)(2) of the Securities Exchange Act and Rule 102(e)(1)(ii) of the SEC's Rules of Practice.

This trio of actions should serve as a reminder for accounting and legal professionals that, in addition to being qualified under the rules of their respective professions, their ability to advise and act on matters that relate to the U.S. federal securities laws is also subject to the requirements on professional practice administered by the SEC, and that improper actions can be subject to SEC discipline even if there is no direct violation of a federal securities law.

---

<sup>1</sup> See "SEC Charges Three Former KPMG Audit Partners for Exam Sharing Misconduct," available [here](#).

# Schulte Roth & Zabel Private Funds Regulatory UPDATE

## Contacts:



**Brian T. Daly**  
Partner  
+1 212.756.2758  
brian.daly@srz.com



**Marc E. Elovitz**  
Partner  
+1 212.756.2553  
marc.elovitz@srz.com



**Charles J. Clark**  
Partner  
+1 202.729.7480  
charles.clark@srz.com



**Craig S. Warkol**  
Partner  
+1 212.756.2496  
craig.warkol@srz.com



**Anna Maleva-Otto**  
Partner  
+44 (0) 20 7081 8037  
anna.maleva-otto@srz.com



**Brad L. Caswell**  
Special Counsel  
+1 212.756.2072  
brad.caswell@srz.com



**Kelly Koscuiszka**  
Special Counsel  
+1 212.756.2465  
kelly.koscuiszka@srz.com

Schulte Roth & Zabel  
New York | Washington DC | London  
[www.srz.com](http://www.srz.com)

This communication is issued by Schulte Roth & Zabel LLP and Schulte Roth & Zabel International LLP for informational purposes only and does not constitute legal advice or establish an attorney-client relationship. In some jurisdictions, this publication may be considered attorney advertising. ©2020 Schulte Roth & Zabel LLP and Schulte Roth & Zabel International LLP. All rights reserved. SCHULTE ROTH & ZABEL is the registered trademark of Schulte Roth & Zabel LLP.