



KPMG Removes Audit Personnel, Including Head of Audit Practice

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KPMG LLP, the audit, tax and advisory firm, today said that it had determined that six individuals in its Audit practice, including the head of the Audit Practice, four other partners and one employee, had violated the firm's Code of Conduct and they are leaving the firm.

The firm learned in late February, from an internal source, that an individual who had joined KPMG from the PCAOB subsequently received confidential information from a then-employee of the PCAOB, and shared that information with other KPMG personnel. That information potentially undermined the integrity of the regulatory process.

KPMG immediately reported the situation to the PCAOB and the SEC, and retained outside counsel to investigate. The firm learned through the investigation that the six KPMG individuals either had improper advance warnings of engagements to be inspected by the PCAOB, or were aware that others had received such advance warnings and had failed to properly report the situation in a timely manner.

This issue does not impact any of the firm's audit opinions or any client's financial statements.

"KPMG has zero-tolerance for such unethical behavior," said Lynne Doughtie, Chairman and CEO, KPMG LLP. "Quality and integrity are the cornerstones of all we do and that includes operating with the utmost respect and regard for the regulatory process. KPMG is committed to the highest standards of professionalism, integrity and quality, and we are dedicated to the capital markets we serve. We are taking additional steps to ensure that such a situation should not happen again."

The firm, which continues to cooperate with its regulators, intends to name a new Vice Chair of Audit shortly.

About KPMG LLP

KPMG LLP, the audit, tax and advisory firm (www.kpmg.com/us), is the independent U.S. member firm of KPMG International Cooperative (“KPMG International”). KPMG International’s independent member firms have 189,000 professionals, including more than 9,000 partners, in 152 countries.

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