

**STATE OF MINNESOTA
BOARD OF ACCOUNTANCY**

In the Matter of the CPA Firm Permit of

**STIPULATION AND
CONSENT ORDER**

KPMG LLP
CPA Firm Permit No. 00913

Board File No. 2023-148

STIPULATION

KPMG LLP (“Respondent”) and the Minnesota Board of Accountancy’s Complaint Committee stipulate that, subject to Board’s review and discretionary approval, the Board may issue a consent order that imposes the following sanctions:

A. Respondent’s CPA Firm Permit, No. 00913, is CENSURED and REPRIMANDED pursuant to Minn. Stat. § 326A.08 (2022).

B. Respondent shall pay to the Board a CIVIL PENALTY of Fifty Thousand dollars (\$50,000). Respondent shall submit the civil penalty by check to the Board within sixty (60) days of the Board’s approval of this Stipulation and Consent Order.

C. Respondent shall comply with all statutes and rules within the Board’s jurisdiction. See Minn. Stat. ch. 326A (2022) and Minn. R. ch. 1105 (2023).

D. Respondent shall report in writing within ten days any violations of this stipulation and consent order to the Board’s Executive Director.

Respondent and the Committee enter into this stipulation based on the following findings of fact, conclusions of law, and other stipulated provisions:

Findings of Fact

1. The Board issued Respondent a CPA firm permit on October 19, 1994.
2. The Securities and Exchange Commission (herein known as SEC) issued an Order Instituting Public administrative and Cease-and-Desist Proceedings Pursuant to Sections 4C and 21C of the Securities Exchange Act of 1934 and Rule 102(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (herein known as Order) on June 17, 2019.
3. The SEC found that from 2015 to 2017, now-former senior members of KPMG's Audit Quality and Professional Practice group improperly obtained and used confidential information belonging to the Public Company Accounting Oversight Board ("PCAOB") in an effort to improve the results of the PCAOB's annual inspections of KPMG audits. In addition, KPMG audit professionals shared exam answers relating to continuing professional education with one another. A number of audit partners (not licensed in Minnesota) gave exam answers to other partners (not licensed in Minnesota), and a number also sent answers to and solicited answers from their subordinates (not licensed in Minnesota).
4. The SEC ordered Respondent to pay a \$50 million civil penalty and to cease and desist from committing or causing any violations and any future violations of PCAOB 3500T. Respondent was also censured by the SEC. Respondent was also ordered to comply with all undertakings in the SEC Order.
5. In the January 8, 2024 response to the Complaint Committee, Respondent identified that no Minnesota licensees were involved in obtaining or using confidential information belonging to the PCAOB in an effort to improve the results of the PCAOB's annual inspections of KPMG audits.

6. In the January 8, 2024 response, Respondent identified certain Minnesota licensees who were licensed at the time that had either sent or received exam answers for their continuing professional education or had done both.

7. At the time, certain licensees held positions with the Respondent ranging from Associate up to Manger and Senior Manager. For those licensees that are still currently employed by the Respondent, they now hold positions ranging from Manager to Senior Manager.

Conclusion of Law

1. The Board has authority to license and regulate certified public accountants and to take disciplinary action as appropriate. Minn. Stat. ch. 326A (2022).

2. Respondent is subject to discipline pursuant to (i) Minn. Stat. § 326A.08, Subd. 5(a)(1) (2022), based on Minn. R. 1105.0250(A), (B) and (E) and 1105.7800(A) and (F) (2023), and (ii) Minn. Stat. § 326A.08, Subd. 5(a)(7) (2022).

3. This stipulation and consent order is in the public interest.

Other Stipulated Provisions

1. This stipulation and consent order must be approved by the Board to become effective.

2. Respondent agrees that the Committee may move the Board *ex parte*, with or without advance notice to the Respondent, to approve this stipulation and consent order. Respondent understands that the Board may either approve the stipulation and consent order

or not approve it. This stipulation and the files, records, and proceedings associated with this matter may be reviewed by the Board in its consideration of the Committee's motion.

3. If approved by the Board, this stipulation and consent order shall be classified as public data. Minn. Stat. § 13.41, subd. 5 (2022).

4. If the Board does not approve this stipulation and consent order, then the matter remains unresolved and the Committee may either seek to negotiate a revised stipulation and consent order with Respondent to present to the Board or issue an order commencing a contested-case hearing before an Administrative Law Judge at the Office of Administrative Hearings. See Minn. Stat. §§ 14.57–.62, 214.10, subd. 2 (2022) (describing administrative hearing process).

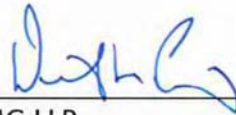
5. Respondent agrees that if this case comes before the Board again after it reviews and discusses this stipulation and consent order, Respondent waives any claim that the Board was prejudiced by its review and discussion of this stipulation and consent order and any records relating to it.

6. Respondent acknowledges that they were advised by the Committee of their right to a contested-case hearing in this matter before an Administrative Law Judge, to file exceptions and make argument to the Board after the hearing, and to seek judicial review from any adverse decision rendered by the Board. Respondent hereby expressly waives those rights. Respondent was further advised by the Committee of their right to be represented by counsel and that they are represented by counsel.

7. Respondent has read, understands, and agrees to this stipulation and has voluntarily signed it. It is expressly understood that this stipulation contains the entire agreement between the parties, there being no other agreement of any kind, verbal or otherwise. If

approved by the Board, a copy of the final stipulation and consent order shall be served personally or by first class mail on Respondent. The Board's order shall be effective when it is signed by the Chair of the Board or the Chair's designee.

8. Pursuant to Minn. Stat. § 16D.13 (2022), any civil penalty imposed by this stipulation and consent order shall begin to accrue simple interest in accordance with that section thirty days after the civil penalty is due. Pursuant to Minn. Stat. § 16D.17 (2022), thirty days after any civil penalty imposed by this stipulation and consent order is due, the Board may file and enforce any unpaid portion of the civil penalty as a judgment against Respondent in district court without further notice or additional proceedings.



KPMG LLP
By: David M. Fine
Its: Deputy General Counsel-Litigation

STATE OF New York

COUNTY OF New York

This instrument was acknowledged before me on August 30, 2024 by KPMG LLP.

(stamp)



(Signature of notary officer)

My commission expires: November 28, 2026

NEIL H. BENOWITZ
NOTARY PUBLIC-STATE OF NEW YORK
No. 01BE6079868
Qualified In New York County 26
My Commission Expires November 28, 2026

COMPLAINT COMMITTEE



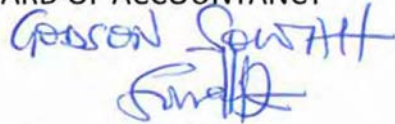
ANN ETTER, CPA
Chair

Dated: Sept. 26, 2024

CONSENT ORDER

Upon consideration of this stipulation and consent order, and based upon all the files, records, and proceedings herein, all terms of the stipulation and consent order are approved. Accordingly, the Board hereby ADOPTS the stipulation and issues the ORDER described above.

STATE OF MINNESOTA
BOARD OF ACCOUNTANCY



FOR:

CHARLES SELCER, CPA
Board Chair

Dated: 10/22/, 2024