

**PROCEEDINGS BEFORE THE
WASHINGTON STATE BOARD OF ACCOUNTANCY**

In the matter of the Certified Public Accountant (CPA) Certificate and/or License(s) to practice as a CPA of:

KPMG LLP
License No. 3984

Respondent.

No. ACB-1534

CONSENT AGREEMENT
AND AGREED ORDER

The Washington State Board of Accountancy (Board) and KPMG LLP (Respondent), stipulate and agree as follows:

Section 1: Procedural Stipulations

- 1.1 The parties wish to enter into this Consent Agreement and Agreed Order (Consent Agreement) in order to facilitate resolution of this matter in accordance with the legislative intent endorsed in RCW 34.05.060 and the provisions of WAC 4-30-140.
- 1.2 Respondent has the right to defend against a Statement of Charges issued by the Executive Director of the Board by demanding a hearing and presenting evidence on the Respondent's behalf. Respondent voluntarily waives the right to a hearing and all other rights that may be accorded the Respondent by the Administrative Procedures Act, chapter 34.05 RCW, and the laws of Washington, including the right to petition the courts for judicial review.
- 1.3 Respondent understands that should the Executive Director of the Board prevail at hearing based on the Statement of Charges, the Board has the power and authority to deny, suspend, revoke, or refuse to renew the Respondent's CPA certificate or any

individual or firm licenses to practice public accounting as a CPA or CPA firm in Washington, impose a fine plus the Board's investigative and legal costs in bringing charges, impose conditions precedent to renewal of the certificate or license, or impose full restitution to injured parties.

1.4 Respondent wishes to expedite the resolution of this matter by means of this Consent Agreement and does not desire to proceed to a formal hearing based on the issuance of Statement of Charges.

1.5 Respondent understands that the terms of this Consent Agreement are not binding unless approved by the Board and fully executed.

The parties further stipulate to, without Respondent admitting or denying, the following Stipulated Facts, Conclusions of Law, and Agreed Order:

Section 2: Stipulated Facts

2.1 At all times material hereto, KPMG LLP, the Respondent herein, held a CPA firm license to practice as a CPA firm in the state of Washington No. 3984, issued on January 1, 1999.

2.2 On June 17, 2019, the Securities and Exchange Commission (SEC) issued "Order Instituting Public Administrative and Cease-and-Desist Proceedings Pursuant to Section 4C and 21C of the Securities and 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" ("SEC Order"). The SEC Order is attached as Exhibit A.

2.2.1 KPMG admitted to the facts and violations set out in paragraphs 1 through 61 of Exhibit A. As set forth more fully in Exhibit A, the SEC Order found:

- 2.2.1.1 Multiple incidents of improper acquisition and use of confidential audit inspection information belonging to the Public Company Accounting Oversight Board (“PCAOB”) by former KPMG personnel in an effort to improve the results of PCAOB’s annual inspections of KPMG’s audits.
- 2.2.1.2 Misconduct in connection with internal training examinations at all levels of seniority, including distribution of examination answers.
- 2.2.1.3 Willful violations of PCAOB Rule 3500T, which required KPMG and associated persons to comply with ethics standards.
- 2.2.1.4 Violation of the American Institute of Certified Public Accountants (“AICPA”) Code of Professional Conduct (“the Code”) for ethics standards including failure to maintain integrity, and commission of acts discreditable to the profession under the Code section 1.400.001.
- 2.2.1.5 Failure to conform to requirements of PCAOB Quality Control Standards requiring a firm to have a system of quality control for its accounting and auditing practice that provides reasonable assurance with respect to performance by personnel of all professional responsibilities with integrity.

Section 3: Conclusions of Law

- 3.1 The Board has jurisdiction over the Respondent and the subject matter of this proceeding.
- 3.2 The facts set out in paragraphs 2.1 through 2.3 constitute violations of RCW 18.04.295, WAC 4-30-040, WAC 4-30-052, WAC 4-30-142(6)(b).

Section 4: Agreed Order

- 4.1 Respondent consents to the entry of this Agreement and has waived any right to a hearing.
- 4.2 Pursuant to RCW 18.04.295, the Board has the power to impose discipline. Based on the preceding Stipulated Facts and Conclusions of Law, the Board and Respondent agree to the following:
- 4.2.1 Respondent shall pay the Board a fine in the amount of thirty thousand dollars (\$30,000) within 90 days of the service of this Agreement. Such fine shall be made payable to the Washington State Board of Accountancy and remitted to the Washington State Board of Accountancy at DES-SAFS Agencies, PO Box 24281, Seattle, WA 98124-0281.
- 4.2.2 Respondent shall pay the Board the amount of three thousand dollars (\$3,000) to reimburse the Board's investigative and legal costs within 90 days of the service of this Agreement. Such reimbursement shall be made payable to the Washington State Board of Accountancy and remitted to the Washington State Board of Accountancy at DES-SAFS Agencies, PO Box 24281, Seattle, WA 98124-0281.
- 4.2.3 The leadership of Respondent's team in their Washington State office that oversee public company audits shall complete the NASBA Center for Public Trust Ethical Leadership training course within 90 days of the service of this Agreement. These individuals were not involved in the conduct at issue in the SEC Order.
- 4.2.3.1 Respondent shall provide a list of the applicable individuals' names to the Board within 30 days of the service of this Agreement.

Respondent has read and agreed to this Consent Agreement in its entirety, and understands that it may be presented to the Board without appearance. If the Board accepts the Consent Agreement, Respondent will receive a signed copy. I certify that the foregoing is true and that I am authorized to sign on behalf of Respondent.

DATED this 16th day of February, 2021.

RESPONDENT



By: _____
David M. Fine, Deputy General Counsel

KPMG LLP

The Board accepts and enters this Consent Agreement and Agreed Order.

DATED this _____ day of _____, 2021.

WASHINGTON STATE
BOARD OF ACCOUNTANCY

Joel Cambern
Chair