

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 101580 / November 12, 2024

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 4539 / November 12, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-22311

In the Matter of

PRAGER METIS CPAs LLP

Respondent.

**ORDER INSTITUTING PUBLIC
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO RULE 102(e) OF THE
COMMISSION’S RULES OF PRACTICE,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS**

I.

The Securities and Exchange Commission (“Commission” or “SEC”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted against Prager Metis CPAs LLP (“Respondent” or “Prager Metis LLP”) pursuant to Rule 102(e)(3) of the Commission’s Rules of Practice.¹

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, and the findings contained in Section III. 2. below, which are admitted, Respondent

¹ Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, . . . suspend from appearing or practicing before it any . . . accountant . . . who has been by name . . . permanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating or aiding and abetting the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.

Rule 102(e)(3)(iii) further provides that the Commission may impose a censure.

consents to the entry of this Order Instituting Public Administrative Proceedings Pursuant to Rule 102(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Prager Metis LLP is an accounting and auditing firm headquartered in El Segundo, California, which has been registered with the Public Company Accounting Oversight Board ("PCAOB") since 2010. Prager Metis CPAs, LLC formed Prager Metis LLP to perform professional services in California, but all employees are employed by Prager Metis CPAs, LLC, which has a service agreement with Prager Metis LLP.

2. On October 3, 2024, the court entered a final judgment permanently restraining and enjoining Prager Metis LLP, by consent, from violating, directly or indirectly, Rule 2-02(b) of Regulation S-X, and from aiding and abetting violations of Sections 13(a) and 15(d) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78m(a) and 78o(d)] and Exchange Act Rules 13a-1, 13a-13, 15d-1, and 15d-13, as set forth in the final judgment entered in the civil action entitled Securities and Exchange Commission v. Prager Metis CPAs LLP, et al., Case Number 1:23-cv-23723-RNS, in the United States District Court for the Southern District of Florida. Prager Metis LLP also was ordered to pay disgorgement in the amount of \$3,868.90, plus prejudgment interest thereon in the amount of \$916.27, and a civil money penalty in the amount of \$20,000.

3. The Commission's complaint alleged, among other things, that from in or around April 2019 to in or around July 2019, Prager Metis LLP failed to comply with Rule 2-01(b) of Regulation S-X, the Commission's general standard for auditor independence, when it included indemnification provisions in engagement letters with its clients, including public issuers ("SEC Registrant Clients"). The complaint further alleged that Prager Metis LLP had been on notice of its independence impairment since at least early January 2019, but continued to enter into engagement letters which contained indemnification provisions until approximately July 2019. The Commission's complaint alleged that as a result of the inclusion of indemnification provisions in its engagement letters, Prager Metis LLP was not independent during the engagement periods for each of the audits of its SEC Registrant Clients in accordance with Rule 2-01(b) of Regulation S-X and that Prager Metis LLP violated Rule 2-02(b) of Regulation S-X, and aided and abetted violations of Sections 13(a) and 15(d) of the Exchange Act [15 U.S.C. §§ 78m(a) and 78o(d)] and Exchange Act Rules 13a-1, 13a-13, 15d-1, and 15d-13.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanction agreed to in Respondent Prager Metis LLP's Offer.

Accordingly, it is hereby ORDERED, effective immediately, that:

Prager Metis LLP is censured pursuant to Rule 102(e) of the Commission's Rules of Practice [17 C.F.R. § 201.102(e)].

By the Commission.

Vanessa A. Countryman
Secretary