

-United States of America  
Before the  
Securities and Exchange Commission

Administrative Procedure File 3-21841

In the Matter of the Application of Ahmed Mohiddin and George Weinbaum

For Review of PCAOB Action

George Weinbaum's Second Follow up on July 5, 2024 Brief

November 13, 2024

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"Many prospective accountants are deterred by entry-level salaries lower than for tech and investment banking positions as well as the 150 college credit hours required to become a certified public accountant", *CFO*. See my September 4, 2024 submission, 14-15.

"The [SEC] has continued its crackdown on companies over language in their employment and separation agreements that could discourage whistleblowers from coming forward", *Seven*. What about blowing the whistle **on the PCAOB**? But the PCAOB and SEC consider "cooperation" in enforcement actions. Cui bono? Enforcement lawyers.

"Over the Board's entire 22-year history, only nine of its several hundred disciplinary cases--about two percent--have ever been appealed to the SEC's commissioners. Only one such appeal is currently pending before the SEC, and the last time the SEC decided such an appeal was ... in May 2019", *Doe*, P 28. Here I am.

"Of the several hundred targets investigated and prosecuted by Board staff members over the Board's 22-year history, very few have had the resources and perseverance to appeal their sanctions even to the Board members, much less to the SEC, or a federal court", *Doe*, P 34, Does the Big Four (BF) own the PCAOB? Was it created to stop **big** frauds? Which CPA firms **could** miss a big fraud? "Apparently unique among known adjudicative processes, the Board's disciplinary process systematically grants full access to relevant legal precedent only to the Board's hearing officers and staff prosecutors", *Doe*, P 61. Is my case an "appeal" to the SEC? From what? The Star Chamber, my April 9, 2004 submission, 3? "This censorship of respondent-favorable precedent not only tilts the Board's already lopsided playing field even further in favor of the prosecutors, but also fuels a public perception that Board prosecutors are well-nigh invincible while intimidating investigative targets into believing resistance is fu-

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tile", *Doe*, P 61. Let it scare the BF. The PCAOB convinced me its' staff is: innumerate, economically illiterate, cowardly sinecurists. The PCAOB targets George Weinbaum (GW), a nobody. Let it tell say PWC that D&T, my April 5, 2022 submission, 4, Item 127 is irrelevant to a case involving PWC's partners. Well Ian Anderson (IA)? Scandalous and impertinent (S&I)!

"Plaintiff's ongoing nightmare in the Board's enforcement vortex is not atypical, with the exception that he possess the rare degree of fortitude necessary to fight back and challenge the Board", *Doe*, P 65. Unlike Doe, I "done gots the nums", translation from Texan, "I have the numbers". IA, what was your "over-under" I would not roll up and say, "Please don't hit me anymore"? My case will go as far as the SEC wants. I know the Supreme Court (SC) accepts only one in 70 certiorari briefs, but I'll go for it. If the right Senator or Congressman reads such brief and opens an investigation, then you IA, can get your "15 minutes of fame". You too Mark Dorfman (MBD). "Simply", MBD, my April 5, 2022 submission, 6, item 127?

"This matter involves accounting and disclosure fraud perpetrated by Bowerman, a resident of the United Kingdom, and a former finance director at Pipeline Engineering ('Pipeline'), a business unit of CIRCOR International, Inc. ('CIRCOR'), a former publicly traded company based in Massachusetts", *Bowerman*, P 1. "Bowerman concealed his misconduct by, among other means, circumventing CIRCOR's internal accounting controls by manipulating account reconciliations and business reports and falsifying certifications; fabricating bank confirmation statements; altering emails; and misleading CIRCOR's management and its independent auditors", *Bowerman*, P 4. Bowerman looks like a "designated scapegoat" to me, my April 18, 2024 submission, 26.

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"Bowerman executed his scheme by repeatedly making unsupported and unauthorized accounting adjustments to the local accounting system's financial results before transmitting the results to the consolidation system **without anyone knowing** that he had manipulated the results", my emphasis, *Bowerman*, P 24, Without anyone **admitting** he knew.

"For instance, in January 2020, ... Bowerman falsified a UAE bank account balance report to make it appear that the account balance as of December 31, 2019, was ... (approximately \$9 million), when the actual balance ... was ... (approximately \$117,000)", *Bowerman*, P 34. Did PWC test cash? If not, I await an SEC or PCAOB action against PWC. "On February 25, 2020, after CIRCOR's external audit firm requested that Bowerman arrange for the UAE bank to send an account balance confirmation directly to the audit firm, Bowerman sent, via email, a fabricated UAE bank account confirmation to two UAE-based CIRCOR employees", *Bowerman*, P 35. Did PWC control its bank account confirmations? The \$8.9 million difference (\$9 million - \$117,000), need be explained. What did Bowerman credit? Did PWC look for the credit?

"For example, in the third quarter 2021 BPR report, Bowerman indicated that the large increase in its lease-related assets and the large decrease in its lease-related liabilities was **due to 'asset leases from Corporate'**," my emphasis, *Bowerman*, P 43. Will Paul Munter (PM), CPA, agree: Corporate leases eliminate in consolidation? Were there equal and opposite Corporate transactions? Did PWC review the consolidation? "As reflected in the table above, Bowerman's misconduct also caused an adjustment to CIRCOR's Q1 2020 goodwill impairment assessment. The Company concluded that, had it incorporated reliable Pipeline financial results into its Q1 2020 goodwill impairment assessment, it would have recorded an incremental \$21.9 million impairment charge", *Bowerman*, P 50. Was Bowerman told record these entries?

The impairment looks like "big bath accounting" to me with CIRCOR blaming Bowerman for following orders. Ask PM is my theory is at least plausible.

The SEC gave CIRCOR a "cease and desist" order, *Circor*. "CIRCOR announced that its financial statements for the years ended December 31, 2019 and 2020 ... intentionally overstated Pipeline's financial results by tens of millions of dollars", *Circor*, p 3. PWC is **not** faulted here. "CIRCOR self-reported to the Commission's staff the accounting errors uncovered by its corporate employees and external auditors. CIRCOR made the self-report shortly after retaining outside counsel and forensic accountants to conduct an internal investigation", *Circor*, p 15. Didn't CIRCOR and PWC see these problems **before**? Hiring outside counsel and forensic accountants does nothing for me, absent their finding **against** CIRCOR's senior management and board. Were they hired to **ratify** CIRCOR's position? SEC policy suggestion: require Form 8-K reporting of all outside counsel and forensic accountant "investigations", including: depositions taken, documents examined, etc. **No lawyer-client privilege**. Let investors decide if SEC registrant "independent" investigations are. Will these investigations use decline if **they can't shield** an SEC registrant's senior management and Board?

CIRCOR recorded \$47,671 (000) in December 31, 2021 asset writedowns, *Financials*, 105. PWC missed a .0422 of total assets of \$1,130,528 overstatement? 2020 and 2019 revenues were overstated by \$8,052 and \$7,051, *Financials*, 106-107. And PWC didn't see this?

PWC got \$7,417 (000) and \$4,800 for the 2018 and 2019 audits, *Proxy*. I multiply by 8.333, remember Stewart, my May 19, 2023 submission, 11, Item 141 and get \$61,806 and \$40,000. Well SEC? Why not? You dinged E&Y \$100 million over nothing! Am I here because Adamant did **not** hire a "forensic" accounting firm or any **former** PCAOB attorney?

"Last Tuesday, the Federal Reserve completely capitulated to the demands of the Wall Street megabanks on the plan to dramatically raise capital levels at the megabanks. The Fed ... will continue to allow the megabanks to use **their own dodgy internal models** to assess market risk", my emphasis, *Everything*, 1. The Fed will not "Lane Drift". The SEC accepts megabanks' "Level 3" assets. "As of December 31, 2023, Goldman Sachs Bank USA, JPMorgan Chase Bank N.A., Citigroup's Citibank and Bank of America held a staggering total of \$168.26 trillion in derivatives. ... This data comes from the quarterly report at the Office of the Comptroller of the Currency (OCC), another of the federal regulators that says it's going along with the Fed's plan to scale back capital requirements at the megabanks", *Everything*, 2. All the "experts": FTC, OCC, Fed, FDIC, CEA, FSOC, SEC, PCAOB, GAO and others accomplished what? Yet GW puts investors at risk? Arthur Wilmarth "concludes in Taming the Megabanks that there is only one way to protect the U.S. economy and the financial stability of the nation's banking system and that is to break up the megabanks by restoring the Glass-Steagall Act. ... Otherwise, the megabanks will continue to ... regulate their own regulators", *Everything*, 3. Unleash Lina Khan! Let her bust 'em up so no bank holds over 1% of total banking assets and let the new mini-banks, my December 30, 2023 submission, 52-53, fail. The SEC can also get in on this action, prohibit SEC registrants from holding class three assets. Lane Drift!

"Plaintiffs alleging securities fraud must bring their claims within '2 years after the discovery of the facts' that give rise to their complaint 28 U.S.C. § 1658(b)(1)", *York*, 461. "The statute of limitations [SOL] at issue is contained in 28 U.S.C. § 1658(b)(1). It provides that private actions alleging securities fraud must be brought no more than '2 years after discovery of the facts constituting the violation' of securities laws", *York*, 464. "According to Maryland



Electrical, the SEC Order put HP's prior statements in a new context, revealing that ostensibly innocuous statements were actually intentional misrepresentations", *York*, 467. Did I put CIRCOR's actions "in a new context"? Is the PCAOB a private actor with a two-year SOL? "The Board shall not be an agency or establishment of the United States Government, and, except as otherwise provided in this Act, shall be subject to, and have all the powers conferred upon a nonprofit corporation by the District of Columbia Nonprofit Corporation Act'," *Doe*, p 11. Has PCAOB action any SOL, two or five years?

I think of an Abraham Lincoln (AL) story. He was supposedly asked, "If I call a tail a leg, how many legs does a calf have"? AL's answer, "Four. Calling a tail a leg, does not make it one". If the PCAOB is no "part" of the SEC and no Article II organ, what is it? What say you three SEC Commissioners with law degrees?

"While this matter involves serious violations of the securities laws once the company became aware of the violations, it promptly self-reported, cooperated, and remediated the gaps in its accounting system,' says Nicholas P. Grippo," *Charges*. I agree, in part. I see "serious violations", but no "promptly" anything, believing CIRCOR's top management ordered Bowerman's actions. "Without admitting or denying the SEC's finding, CIRCOR agreed to cease and desist from further violations of the charged securities laws", *Charges*. Who did the SEC protect here? SEC attorneys' opportunities to do "independent" investigations?

"Though 'ordinarily, affirmative defenses may not be raised on a motion to dismiss,' we may 'consider an affirmative defense when there is some obvious bar to securing relief on the face of the complaint'," *York*, 466. What Article III complaint even now? 77 is more than 60. Should the Circuit Court of Appeals see a PCAOB case within 60 months? Well?

"Whistleblowers have incentives to obtain the largest award possible, the Division of Enforcement has an incentive to maximize awards as an inducement for whistleblowers to come forward, and the Commission has an incentive to maximize awards as a metric to illustrate the success of the program", *Nothing*, 3. True, but individual DEI attorney's incentive is to crush whistleblowers to enhance their private sector employment prospects. Will the SEC defer to Louis Brandeis, my June 4, 2024 submission, 8, disclose annually: how many whistleblower submissions it got, how many were not acted on, how many were and led to an award and the range of awards by decile?

I am reminded of F. Lee Bailey's (FLB) (1933-2021) *To Be a Trial Lawyer* (1985). In it FLB says something to the effect: a trial lawyer must be a "factor" in addition to being a lawyer. Most trials are about facts. Not mindlessly repeating authority figures' words.

CIRCOR seemed absurd, so I looked at its 10-Ks, before and after restatement, making a revenue change spreadsheet, *Circor-K, Spreadsheet*. The 2019 Saudi revenue percentage change was 55.8%. Didn't Circor's management and PWC see this?

"In 2020, after ten years' consideration, the [SEC] adopted a new rule regulating businesses that provide proxy voting advice to institutional shareholders of public corporations. ... Concluding that the explanation provided by the SEC was arbitrary and capricious and therefore unlawful, we REVERSE the district court's judgment, VACATE the 2022 rescission in part and REMAND to the agency", *NAM*, 806. "Shortly after the 2022 Rescission was finalized, Appellants ... filed suit against the SEC, bringing claims under the Administrative Procedure Act ('APA')", *NAM*, 810. Didn't *Lacetti* apply the APA to the PCAOB? "'The APA's arbitrary-and-capricious standard requires that agency action be reasonable and reasonably explained',"

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NAM, 810. Which PCAOB action was "arbitrary and capricious": D&T or GW? "Applying this standard entails considering whether 'the agency has acted within a zone of reasonableness and, in particular, has reasonably considered the relevant issues and reasonably explained the decision,' NAM, 810. "But when 'its new policy rests upon factual findings that contradict those which underlay its prior policy,' a more detailed explanation is required. ... An agency's failure to explain its decisions to 'disregard facts ... that underlay ... the prior policy' is arbitrary and capricious", NAM, 811. I previously reconciled the PCAOB's actions, it has two rules: one for the BF, another for the peons. The "SEC ... argues only that *Fox* does not apply", NAM, 812. See my September 4, 2024 submission, 6-7. Even me, with no Stanford Law School (SLS) degree, found *Fox*. I agree with NAM, but it made me wonder what does SLS teach? Does working for Merrick Garland, mean you can say anything? The "SEC adopted the proposed rescission over the dissent of two commissioners", NAM, 809. Gensler, if you listened to Peirce and Uyeda the SEC need not have looked ridiculous. As Elihu Root (1845 - 1937) said, "About half the practice of a decent lawyer is telling would-be clients that they are damned fools and should shut up", Root. Do SEC lawyers tell you Commissioners that?

"China's finance ministry and securities regulator imposed record fines and a six-month suspension of PriceWaterhouseCooper's operation in the country over its audits of China Evergrande Group. ... In auditing Evergrande's financial statements from 2018 to 2020, PwC China knew that the results contained material misstatements but didn't specify them", *Fined*. PwC China got a \$62 million fine. Way to go MOF and CSRC! No foot-fault here.

On October 30, 2017, Evergrande's market cap (MC) peaked at \$50.6 billion, *Evergrande*. Was Evergrande a "big" fraud, by SEC and PCAOB standards? Using its last traded

price, .163 HKD, it's MC was \$256 million, down 99.5% from its peak. Had the U.S. an "economic problem" in about 2008? Did large bank holding company auditors suffer?

"The [PCAOB] today announced disciplinary orders sanctioning four audit firms for violating PCAOB rules and standards related to communications that firms are required to make to audit committees. These firms were sanctioned as part of an enforcement sweep, a practice that enables the PCAOB to collect information on potential violations from several firms at the same time. ... The four orders related to audit committee communications announced today result from a continuing PCAOB sweep that led to previous sanctions on four firms in February 2024, three firms in November 2023 and five firms in July 2023", *Sanctions*, 1.

Are these 16 cases Peircian "foot-faults"? Do PCAOB sweeps protect investors? From what? I found value in *Sanctions*, it contains a list of PCAOB employees to be "surplussed" if the SEC reduces the next PCAOB budget. The omissions are "summary judgment" type items, i.e, condition present or absent. PCAOB attorneys need **no brains** to prosecute them. The sweeps question Erica Williams (EW) "passion" for improving audit quality and the reason for PCAOB rules. None of the over 400 PCAOB inspection reports I read showed CPAs how to fix problems. Does the PCAOB make rules to break to make work for its staff? As I said on September 4, 2024, 14, SEC, "Just say no". Are so few audits defective that the PCAOB can make sweeps?

"Halpern & Associates, LLC's violation was identified through regular monitoring that the PCAOB conducts of registered firms' compliance with the requirement to timely report the events listed in Form 3", *Sanctions*, 3. Big deal. Does the PCAOB monitor AAERs?

"Now, more than ever, the PCAOB must enhance its oversight activity, with a particular focus on enforcement. An independent government watchdog group recently found

that over 'its entire history of more than 16 years, when it comes to some of the biggest firms under its jurisdiction, the PCAOB has taken disciplinary action over only a tiny fraction of the apparent violations its staff has identified', *Clayton*, 2. This is POGO's report, my December 30, 2023 submission, 32-35. Yet the PCAOB pursues 'foot-faults'. The PCAOB had **over 1,000 BF client restatements**, my December 30, 2023 submission, 56, to look at, yet "sweeps". Why?

September 30, 2024 came and went. Does Janet Yellen know of the billions, perhaps tens of billions which could have reduced fiscal 2024's deficit?

"Super Micro in 2020 paid \$17.5 million to settle [SEC] claims of widespread accounting violations without admitting or denying the accusations", *Micro*. I read *AAER-4161*. D&T's 2016 opinion date was August 26, 2016, when SMCI had 48,555 (000) shares outstanding (SO) at \$21.37 per share for a \$1,037,614 MC, or 774X Adamant's. Does *AAER-4161* show D&T "busted" the 2015 and 2016 audits? Did either the SEC or PCAOB investigate these audits? Yet the PCAOB had time for Adamant. Who is the PCAOB fair to?

"Numerous Super Micro employees, including executives, were aware of the distributor's delayed payments and the fact that the distributor could not pay Super Micro until it sold the products to end-customers and received payment from those customers", *AAER-4161*, P 31. "In light of these facts, under GAAP Super Micro was required to recognize revenue when it received payments from its distributor", *AAER-4161*, P 32. Yes, they are consignments. Don't you agree PM? Why bring this up now? *Goldman*, that's why.

I refer the SEC to the 2010 and 2011 HSG audits. I say Mohidin acted correctly. The PCAOB CPAs apparently misunderstood, or were told by PCAOB attorneys to misunderstand the accounting issue: some HSG recorded sales were consignments. The facts were similar to

those in Super Micro. That'll learn Mohidin, never have a client restate for an error, because the PCAOB will "open your file" and look until it finds, or **claims to find something**. If you read this and conclude I am attacking PCAOB CPAs' competence, that's my most generous construction. I never encountered one I thought capable of being more than a mediocre B4 senior accountant. I say, the PCAOB's "findings" elevated "form over substance". "In addition, Respondents failed to evaluate whether HSG satisfied all the requisite criteria for recognizing revenue from sales to the Distributor under U.S. ... GAAP", *Goldman*, p 38. That's what was done! I do not believe, even eight years later, the PCAOB's position was mistaken, **but a lie**. What, if anything will the SEC do about this? It's over five years ago, forget it, unless PM wants to conduct classes for PCAOB personnel on distinguishing sales from consignments. "As a result of the conduct described above, Respondents violated PCAOB auditing standards because **they failed to exercise due professional care and professional skepticism**", my emphasis, *Goldman*, p 38. Bunk! After 12 years, I specifically recollect the HSG issue. Will the PCAOB honor substance over form? Can the PCAOB understand frauds, particularly those like *Graffam v. Burgess*, my May 19, 2023 submission, 21-22, Item 141? The PCAOB genuflects when Kafka's "person of consequence" shows it a piece of paper. See *HSG*.

"Grewal frequently said he sought to restore trust in Wall Street and in the government. Past enforcement efforts didn't effectively deter wrongdoing and **lead many Americans to feel that regulators and law enforcers didn't punish big firms with the same force they applied to smaller ones**", my emphasis, *Head*. Did GG know of 1976's *Metcalf Report (MR)*, my April 5, 2022 submission, 10, Item 127? If any SEC Commissioner wants to know what convinced me in 1998 SEC enforcement is discriminatory, ask. "Under Grewal, the SEC brought

more than 2,400 enforcement actions ... the SEC said", *Head*. I say 240 blockbusters would better protect investors. In reading this article's headline I wondered which New York BigLaw will GG join for \$1.5-\$3 million per year? It's Milbank, Tweed (MT)!

"And, some believe that there are two sets of rules, one for the big and powerful and another for everyone else. As a result, one of my goals as Director is to ... make clear that there is only one set of rules", *Testimony*, 2. "Our remedies 'must be viewed as more than the cost of doing business", *Testimony*, 4. Oliver Wendell Holmes, my July 27, 2023 submission, 21, disagrees. "These tools also enhance the public's trust that all financial institutions and market participants are playing by the same rules", *Testimony*, 8. Kara Stein, my December 30, 2023 submission, 59-61, disagreed! Unless the Fed lets large bank holding companies fail, I say taxpayers bear banks' penalties.

This morning, I'd like to return to a theme I've touched on repeatedly in speeches throughout my first year on the job, and that is the urgent need to restore trust in our institutions, government, and the legal and regulatory processes. ... An animating principle for any regulator is that **the government belongs to, and must work for all the people**. Distrust and antipathy grow when there is a perception that the instruments and actions of government are benefitting a limited or favored group, my emphasis, *Speaks-2022*, 1,

Is GG saying the SEC does **not** exist to advance its enforcement lawyers careers, or the problem is public perception, not the substance of government action? "A diverse workforce also helps us to do our job better", *Speaks-2022*, 2. Where's your evidence? Alice asked for evidence, my July 27, 2023 submission, 9, 20. This reminded me McKinsey did some studies claiming to support this notion. They were debunked with *Diversity*. Peirce, Uyeda, enjoy!

"It would be cliché at this point to say we do our job without fear or favor, but it's true and it's important. The pervasive loss of faith in important institutions is often the result

of a belief that rules are unfairly or selectively applied, in order to help or harm some chosen group. I know this isn't the case, and respectfully so do most of you", *Speaks-2022*, 3. It may be, but I **don't believe** it and haven't since 1998. GG's comments remind me of an "Uncle Mil-tie" story. In the 1930's USSR, a nut manufacturing plant did not meet its production quota. The plant manager responds by making billions of tiny nuts because the quota was expressed in numbers of nuts. The Gosplan people tell him the plant needs to make more kilos of nuts. Now he has the plant produce large nuts, each weighing about one kilo. Now Gosplan tells him how many nuts **of each size** to make. I say SEC enforcement makes tiny nuts.

While there is no single cause for this decline when it comes to our financial institutions, part of it is due to ... the perception that we-the regulators--are failing to hold them appropriately accountable, or worse still, the belief that there are two sets of rules: one for the big and powerful and another for everyone else. Every day, however, the Enforcement Division's staff work tirelessly to enhance that trust and make clear that there is only one set of rules by prosecuting the bad actors who break them without fear or favor, *Speaks-2021*, 1-2. Huh?

William Shakespeare wrote of GG's protestations, from *Hamlet*, 3:2:230, 1604 folio, GG "doth protest too much, methinks". At least that's my opinion.

"For example, if we learn that, while litigation is anticipated or pending, corporations or individuals have ... deliberately used the sort of ephemeral technology that allows messages to disappear, we may well conclude that spoliation of evidence has occurred and ask the court for adverse inferences or other appropriate relief", *Speaks-2021*, 3. Where is **Rein-hart**, my June 4, 2024 submission, 12-13? Wasn't *Waggoner* renumbered, my June 4, 2024 submssion, 12? Do I get such a ruling, GG?

I'd like to end by addressing a particular headwind that we face from certain market participants: attacks on our integrity. I am now coming up on three years in this role, and like so many of my colleagues, I have spent the majority of my career in public service. During that time, I have had the privilege to work



alongside thousands upon thousands of dedicated public servants at the local, state and federal levels. And here's what I've learned: **we don't do this work to round corners and notch wins. Nor do we do it for financial incentives or personal gain. The overwhelming majority of us do it for one reason alone: we believe in standing up for others. In the case of the Enforcement Division, that means standing up each and every day for the investing public, my emphasis,** *Speaks-2024, 5.*

If you say so GG. I don't believe the "overwhelming majority of [SEC Enforcers are] ... standing up each and every day for the investing public". I first questioned this in **1973**, 51 years ago! You Pierce were in grammar school. In 1998, I resolved my doubts against the SEC, concluding it was compromised. If any SEC Commssioner wants to know what happened in 1973 or 1998, ask. The SEC also mishandled the 2000-2008 Madoff fraud.

"And the public, courts and the bar must all have confidence in the representations we make when we are advocating to protect investors", *Speaks-2024, 6.* Why?

"The University of Pennsylvania is suspending Amy Wax, a tenured law professor accused of making racist, sexist and antigay comments, in a case that has tested the limit of academic freedoms and freedom of speech. ... The University said Wax has a 'history of making sweeping, lithe, and derogatory generalizations about groups by race, ethnicity, gender, sexual orientation, and immigration status', both inside and outside the classroom", *Penn.* Does Penn Law School (PLS) teach truth is no defense? The percentage of PLS's Negro students finishing in the top half of its class, is knowable. Who or what has the percentage? Have we the *SFFA* my April 18, 2024 submission, 13-14? Audrey Shuey (1900-1977), wrote *The Testing of Negro Intelligence* (1958). Were she alive, I suspect she could make an educated guess.

"That it was incumbent upon the government to show upon the trial that there was probable cause for the prosecution; and if that had been shown, of which the court was to

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judge, the **burden of proof was on the claimant**, who must then satisfy the jury that the goods were invoiced at their actual cost". ... [I]t was reasonable to presume that it was in the claimant's power to have produced evidence of the real state of his accounts and transactions with all the parties", my emphasis, *Clifton*, 244.

"[I]t might be presumed that if produced they would have operated unfavorably to his case, that the government had shown probable cause, and that the next inquiry was, whether the claimant had relieved himself from the burden of proof", *Clifton*, 244-245.

"[B]y production of the books of account that had been called for, as the call afforded him an opportunity to put them in evidence, he placed the defense altogether upon the judgment and opinions of merchants and other persons acquainted with this description of goods as to the value and cost of the article", *Clifton*, 246. "Under these circumstances, the claimant was called upon by the strongest consideration, ... to bring to the support of his defense the very best evidence that was in his possession, or under his control. ... One of the general rules of evidence, of universal application, is that the best evidence of disputed facts must be produced of which the nature of the case will admit", *Clifton*, 247. Does PLS teach evidence? Does any PLS professor know of *Clifton* and can apply it to "le affair Wax"?

"A longtime lawyer at the ... [SEC] says that senior agency officials have been more interested in advancing their careers in the corporate world than in policing it aggressively, according to remarks prepared for the lawyer's recent retirement party. The SEC 'polices the broken windows on the street level and rarely goes to the penthouse floors', James Kidney, who joined the SEC in 1986 and spent most of his career there, said in the prepared remarks",

*Door*, 2. 1976's *MR* agrees. "Tough enforcement--risky enforcement--is subject to extensive negotiation and weakening", *Door*, 2. Against who or what?

"I have had bosses, and bosses of my bosses, whose names we all know, who made little secret that they were here to punch their ticket', Kidney said. 'They mouthed serious regard for the mission of the Commission, but their actions were tentative and fearful in many instances'," *Door*, 2-3. "The SEC is overly concerned with the number of cases it brings, he said, even when those cases 'have no significant impact and the conduct is of minimal or no harm to the investing public'. ... While the SEC pursues easy targets to boost its enforcement stats--'picking on the little guys'--officials have balked at bringing cases against deep-pocketed defendants', Kidney said", *Door*, 3. What's changed at the SEC since 2014?

"While whistleblowers contributions to the SEC's mission have been invaluable, we recognize that blowing the whistle may not come without costs, both personal and professional. The SEC's whistleblower rules prohibit any person from taking an action to impede another from contacting the SEC to report a possible securities law violation", *Whistleblower*, 1. Was this true in 1973? Is appealing a PCAOB enforcement action covered?

"Introducing any innovation that the LCME might view as counter to the standards is risky. Instead, schools devote thousands of hours of faculty and administrator time to site-visit preparations. To minimize the risks associated with such a capricious review process, institutions routinely hire consultants (who are current or former LCME members) at significant cost to have a chance at accreditation", *Med*, sound familiar? "There is **no evidence the current process improves** medical education or patient outcomes in any meaningful way. ... Several reviews of the accreditation process have shown that the cost outweighs the benefits .

... The LCME itself has **never performed or published a statistical study** that demonstrates improved cost-effective outcomes from their processes or their standards", my emphasis, *Med*. "The LCME should also address the conflict-of-interest challenge and implement stricter guidelines. It should prohibit site visitors and committee members from working as consultants to the institutions they evaluate", *Med*, sound familiar? What about PCAOB or SEC lawyers joining NY BigLaw? Could such prospect influence their actions in government service? Is the PCAOB a governmental entity? If not, what?

"Politics hath no fury like a prosecutor scorned, and it appears the American electorate won't be allowed to forget it. ... Smith filed the 165-page brief last week, his latest response to an embarrassing defeat at the [SC] in July. ... You don't have to be a cynic to suspect Mr. Smith of brass-knuckle politicking. ... Even if that assesment of his motives is unfair--even if he's the **upright legal hero** of the left's description--the timing and nature of his actions provides an **inescapable appearance** of election interference", my emphasis, *Surprise*. Jack Smith, you ain't Jimmy Stewart in *Mr. Smith Goes to Washington* (1939). GG, you ain't neither.

GG, may one disbelive you? I do. You joined MT. "Lawyers' pay is skyrocketing. Brutal poaching wars for talent are now common, and top lawyers expect to be paid like investment bankers and private-equity principals. ... 'The market is driven by the top end. The top firms are spending money for the best rock-star talent' ... Superstar attorney hires can command salaries of as much as \$15 million to \$20 million a year. ... At the lower end of attorney pay, junior associates at large firms can start at \$250,000 a year", *Wail*. Are there "rock-star" CPAs? The 16,800 B4 partners on average earn about \$1.1 million a year. Since auditing has **no value added**, it can't be fixed. No one will pay to fix it. "In certain specialities, such as ...

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regulatory compliance ... corporate general counsels say there is only a small pool of firms to choose from", *Wail*. Could the desire to create **profitable positions** for their soon to become alumni influence regulators' actions? Just asking. Compliance is not antitrust or patent law.

"As a threshold matter, **both parties agree that PCAOB is part of the Government** for purposes of this litigation", my emphasis, *Doe-2*, 6. Does this PCAOB admission let me use "judicial estoppel"? For what litigation is the PCAOB not "part of the Government"?

"Because New Hampshire, in the 1977 proceeding, agreed without reservation that the words 'Middle of the River' mean the middle of the Piscataqua River's main channel of navigation, we conclude that New Hampshire is estopped from asserting that the boundary runs along the Maine shore", *Maine*, 745. "In the unusual circumstances this case presents, we conclude that a discrete doctrine, judicial estoppel, best fits the controversy. Under that doctrine, we hold, New Hampshire is equitably barred from asserting--contrary to its position in the 1970's litigation--that the inland Piscataqua River boundary runs along the Maine shore", *Maine*, 749. "'Where a party assumes a certain position in a legal proceeding, and succeeds in maintaining that position, he may not thereafter, simply because his interests have changed, assume a contrary position, especially if it be to the prejudice of the party who has acquiesced in the position formerly taken by him'," *Maine*, 749. "This rule, known as judicial estoppel, 'generally prevents a party from prevailing in one phase of a case on an argument and then relying on a contradictory argument to prevail in another phase'," *Maine*, 749. I realize I am not party to *Doe-2*, but think judicial estoppel should apply.

"Although we had not had occasion to discuss the doctrine elaborately, other courts have uniformly recognized its purpose is 'to **protect the integrity of the judicial process**,' ... by

'prohibiting parties from deliberately changing positions according to the exigencies of the moment'," my emphasis, *Maine*, 749-750. Would the PCAOB do this?

"[S]everal factors typically inform the decision to apply the doctrine in a particular case: First, a party's later position must be 'clearly inconsistent' with its earlier position. ... Second, courts regularly inquire whether the party has succeeded in persuading a court to accept the party's earlier position, so that judicial acceptance of an inconsistent position in a later proceeding would create 'the perception that either the first or second court was misled,' ... A third consideration is whether the party seeking to assert an inconsistent position would derive an unfair advantage or impose an unfair detriment on the opposing party is not estopped", *Maine*, 750-751. "Notably, in their joint motion for entry of the consent decree, New Hampshire and Maine represented to this Court that the proposed judgment was 'in the best interest of each State'," *Maine*, 752.

"We write regarding the profoundly troubling findings of extraordinarily high auditing deficiency rates recently reported by the [PCAOB]. ... The mission of the PCAOB is to ... 'protect investors'," *EWL*, 1. Not look for Peircian "foot-faults"? "The new findings of frequent audit deficiencies raise fresh questions about the ... PCAOB's ability to carry out its statutory role as auditor of the auditors", *EWL*, 2. What questions? Christina Ho is correct, "the inspection results 'lump all deficiencies together without a qualitative assessment of their severity'," *EWL*, 3. See my December 30, 2023 submission, 35 and 42, and April 11, 2024, 12. I agree with a PCAOB Board member! Wow.

"Do you believe civil penalties are effective against global auditing firms with the financial means of easily paying any penalty?", *EWL*, 3. See my April 17, 2023 submission, 5, 17,

Item 134. For years I've called the PCAOB's penalty regime a joke. Yet he who does not know five is more than two, claimed the PCAOB has a standard. Let the PCAOB ask the DOJ how to apply the USSG, my April 17, 2023 submission, 67, Item 134. "On September 9, 2024, SEC approved new audit standards, in part in response to the findings of the audit review. How will these changes help address the concerns about the high rate of **significant** deficiencies in public audits?", my emphasis, *EWL*, 5. They won't and weren't designed to. The PCAOB's ADR is a misleading construct of its inspections. Professor Warren should return the PCAOB lawyers to school and alert them to a maxim of jurisprudence: "de minimis non curat lex", i.e., the law disregards trifles. The PCAOB chases Peircian "foot-faults". Why?

On December 30, 2023 and 1927 the CPI was 306.746 and 17.300, respectively, *Inflation*.  $306.746 / 17.3 = 17.731$ . The comparable T-bill amounts were: 2,249.04 and 100.0, *Historical*.  $2,249.04 / 100.00 = 22.490$ .  $22.490 / 17.731 = 1.268$ . Thus T-Bill investors real total return was 26.8% in 96 years. My arithmetic yields a .249% per year real return. Pretax. The nominal pre-tax return was 3.296%. Assuming a 20% tax rate, the 3.296% nets to 2.6386%. Peirce, see where I'm going?  $1.026386^{96} = 12.1646$ . Ergo, over 96 years T-bills real return was negative. Trust me, 12.1646 is less than 17.731, no matter what he who does not know five is more than two says. Should the SEC warn investors that holding T-bills is harzardous to your financial health? Should investors be protected from Uncle Sam?

"According to the Order, in March 2020, Baxter restated its financial statements, which reduced its previously reported net income for 2017 through June 2019, and retained earnings as of January 1, 2017, by \$582 million", *Baxter*, 1. \$582 million is 323X \$1.8 million. PWC's 2018 opinion date was February 21, 2019 when BAX had 512,999 (000) SO at \$74.03 per

share for a \$37.98 billion MC, 28,341X Adamant's at the relevant time, yet the PCAOB had time for me. Who is IA kidding? My case was a pretext from day one. PWC's opinion date was 67 months ago. I found no BAX case against PWC on the PCAOB website. IA, explain yourself. You have: time for me, time for sweeps, but no time for PWC. As Ricky Ricardo told Lucille Ball on *I Love Lucy*, 1951-1957, IA "you got some splainin to do". Maybe not to me, but Senators Warren and Whitehouse may be interested. Did the PCAOB know BAX paid the SEC \$18 million? Did the PCAOB think this good reason to look at the BAX audits?

PWC was paid \$9,000; \$10,600 and \$8,900 (000) for the 2016, 2017 and 2018 audits respectively, \$28,500 in total. Invoking the "Stewart Ratio", i.e., 8.3333, could the SEC or PCAOB have levied \$237.5 million in penalties on PWC? Why not?

The SEC prosecuted \$112,869 in insider trading profits, *Siegel*, yet flubs the Madoff case. In a \$64 trillion MC universe, the SEC acted on Siegel. SEC policy suggestion: when the SEC suspects insider trading, alert the relevant SEC registrant and let it sue for breach of fiduciary duty. \$112,869 is .00000000176 of \$64 trillion, or one part in 567 million.

"By illegally dumping his Spero shares in advance of the Announcement, Groom avoided losses of \$12,926.86", *Groom*, P 3. SPRO fell from \$5.09 to \$1.85 per share on May 3, 2022, or 63.7%, confirming *Groom*, P 3. Not knowing how many shares Groom sold, I assume he avoided losses of \$1.62 per share (.5 x \$3.24).  $\$12,926.86 / \$1.62 = 7,986$  shares, my estimate of Groom's shares sold. 17,612,100 SPRO shares traded May 3, 2022, so Groom may have traded .000453 or 1 / 2,208 of the total. Yet, GG's people looked at this. "By selling Spero stock on the basis of material nonpublic information, Groom ... violated a contractual duty ... he owed Spero", *Groom*, P 25. How many hours did the SEC spend on this "tiny nut"? What is



the "shadow price" of an hour of SEC enforcer time? Had GG a "shadow price" concept? Federal district court diversity jurisdiction is \$75,000 for comparison. As it is written, "And why do you look at the speck in your brother's eye, but do not consider the plank in your own eye? Or how can you say to your brother, 'Let me remove the speck from your eye', and look, a plank is in your own eye? Hypocrite!", Matthew, 7:3-4 (NKJV). The SEC prosecutes Groom yet ignores derivative accounting.

"The value the audit profession provides to the investing public and the capital markets cannot be overstated", *Great*, 2. The labor market disagrees. "It is no secret that the number of new accounting students has been steadily decreasing", *Great*, 2. What does this indicate about the value of CPA services?

"Between 1960 and 1972, Equity Funding Corporation was one of the largest and fastest-growing life insurance companies in the U.S.", *Great* 5. "The fraud was **discovered in 1973** thanks to a former employee blowing the whistle", my emphasis, *Great*, 6. "Equity Funding scandal remains a textbook case in accounting fraud and corporate malfeasance". ... **Ray Dirks, the analyst who helped blow the whistle on the fraud**, summed it up well: 'If routine auditing procedures can't detect 64,000 phony insurance policies, \$25 million in counterfeit bonds, and \$100 million in missing assets, what is the purpose of audits'," my emphasis, *Great*, 7. Good question. "A market with healthy competition means that the various actors within it are incentivized toward excellence", *Great*, 10. What are CPAs incentivized to do? "Regulation comes with costs, and if those costs exceed the benefits, or are perceived to do so, those seeking to raise funds, and those seeking to invest may vote with their feet and find other venues", *Great*, 11. What is the value of PCAOB regulation? "We consult with our Office

of Economic Research and Analysis to identify the universe of factors to consider in the cost-benefit analysis", *Great*, 12. I disagree. See my May 19, 2023 submission, 17, item 141.

Ray Dirks? I know that name. What happened to him? See my April 5, 2022 submission, 3-4, item 127. I followed Equity Funding in 1973. The SC coddled the SEC. My take: Dirks publicly humiliated the innumerate, cowardly, economically illiterate SEC enforcement lawyers. They retaliated with an insider trading case **against Dirks!** How does the SEC treat whistleblowers? The 1973 Dirks case set my opinion of SEC whistleblower treatment.

"I reiterate that call now. In the words of Winston Churchill, 'To each there comes in their lifetime a special moment when they are figuratively tapped on the shoulder and offered a chance to do a very special thing, unique to them and their talents'," *Great*, 18. Here I am. Blowing the whistle on the PCAOB. It's time someone did. IA, since beginning "Project PCAOB" in August 2019, I've spent about 4,000 hours on it. And I ain't done.

"Companies, audit firms, professional groups and some state boards have been looking for ways to make the profession more appealing to students as fewer students graduate with an accounting degree and more workers quit for higher paying, less stressful jobs. ... After all that graduates say the entry-level salaries for accounting are generally lower than comparable tech and banking roles", *Shortage*. What can the SEC do about this "shortage"? The quality of accountants falls every year. So? That's the market's revealed preference, no matter what the SEC or PCAOB might say.

"A careful look suggests that we do not need a new regulatory solution to address concerns related to private credit. Existing regulatory tools, **pared with unflinching market discipline**, suffice to deal with the risks associated with private credit', my emphasis, *Thomas*,

3. I've said similar things for about 40 years. No Fed bailouts! But without them, could Uncle Sam divert credit to his favored sectors? Could this concept be applied to the CPA business? Let the plaintiffs' bar worry about miscreant CPAs!

"The absence of prudential regulation also fosters a healthy heterogeneity in market practices and market participants behavior, which supports systemic resilience. Fundamentally, moving the risks associated with credit off bank balance sheets with their government backstop and into the capital markets, where fund investors equity is the backstop, enhances systemic resilience", *Thomas*, 3-4. Systemic, **not** individual entity resilience. Welcome aboard Peirce! "Private credit funds typically match the duration of their assets and liabilities by drawing capital from long-term investors", *Thomas*, 4. About 35 years ago I found a Dutch banking article. It warned of unmatched maturities. It was written in, drumroll please: 1587! **1587!**

"Prudential regulators almost reflectively look askance at the non-bank sector because it intentionally elevates private decisionmaking over regulatory decision-making", *Thomas*, 4. Yes, but might there be more behind this? "If anything, the growing private credit sector may highlight the need for streamlining our public market regulation. I have expressed concerns about the costs of accessing our public equity markets", *Thomas*, 6. Small companies spend 10-15% as a percentage of capital raised. Too high I say. "Multiple layers of connectedness create interconnectness concern", *Thomas*, 11. Agree! Derivatives, anyone? See my September 4, 2024 submission, 8.

What's going on? Kara Stein, my December 30, 2023 submission, 59-60, was close to it. Karl Marx told us 176 years ago: "Centralization of credit in the hands of the State, by means of a national bank with State capital, and an exclusive monopoly", *Marx*, 45.

"Before a suit has begun a lawyer cannot tell from a study of the precedents (1) whether or not a question of fact will be raised and, if so, (2) what conflicting testimony will be introduced, and (3) **what will be the reactions to the conflicting testimony of the judge or jury that will try the case**", my emphasis, *Clinical*, 912. Is this true of the PCAOB? I didn't know until 2024 that when IA began this case, MBD decided all 17 cases he "heard" for the PCAOB. Here's a question Uyeda can ask IA, "what was your 'over-under' with respect to MBD in 2018? 90%, 95%, 99%, 99.9%"? IA's answer should be edifying. The "law student is graduated with ... an artificial attitude towards 'Law' as something totally distinct and apart from the facts", *Clinical*, 922. Amen! I even read two books by Jerome Frank (1889 - 1957), *Law and the Modern Mind* (1930) and *Courts on Trial* (1949). Really.

"Insurance markets exist--indeed, all markets exist in a sense--to inform people of the cost of their choices so they can make better ones", *People*. Who would pursue Groom, if paying with his own money?

"Every advanced nation has a small group of people who have the potential to accelerate scientific progress. ... People ... are eligible because they have high cognitive ability in science, technology, engineering or mathematics-STEM", *Roots*. Not: history, philosophy, sociology, critical race studies, etc. "The same may be said of every professional sport. We are watching those far into the top 10,000th of ability competing against each other and still seeing significant differences at that level", *Roots*. There are NBA players and Michael Jordan and LeBron James. "These results [of testing Mathematically Precocious Youth] suggest that we should be thinking in terms of at least the top half of the top percentile of ability when defining the set of people who have the potential to make major contributions in a STEM field", *Roots*.

"The STEM fields are different [from social sciences, humanities and nonacademic majors], for two reasons. First, the raw cognitive demands are greater in STEM than other disciplines. ... Much of the advanced math required for performance at the top of STEM fields is literally impossible for anyone to learn without math ability deep into the top percentile. Determination and hard work can't compensate", my emphasis, *Roots*. There's a reason people say, "this ain't quantum mechanics. ... ". Math is tough. What have we now? CPAs who should be lawyers. Why? They can't work with fractions and percentages. It's that bad.

"PCAOB has consistently qualified its audit deficiency findings by stating that an audit deficiency 'does not necessarily mean that issuer's financial statements are materially misstated or that undisclosed material weaknesses in internal control over financial reporting (ICFR) exist'," *Persecuting*, 2. "To be clear, I am not saying that a 46% deficiency rate or a 5% incorrect opinion audit opinion rate is acceptable, it's not", *Persecuting*, 2-3. What non-zero rates would be? Show your calculations. See my December 30, 2023 submission, 25 and 41. "Since my work at the U.S. Department of the Treasury ... I have dedicated my career to promoting data-driven government and evidence-based policymaking", *Persecuting*, 3. Really? See my December 30, 2023, submission, 31, 40 and 41 among others.

"If Congress did not want dissenting voices in the PCAOB Board, why did it pass a law that required a five-member board to govern the PCAOB?", *Persecuting*, 4. Dissents? See my December 30, 2023 submission, 44. "Is there anything more undemocratic than trying to silence the voice of a fellow American? Is there anything more abusive than U.S. Senators' thinly veiled threat to take away the jobs of public servants just because they have different perspectives"? *Persecuting*, 4. Does the PCAOB do this to CPAs? Ho, the Senators see 46% and

conclude it unacceptable. I say it's deceptive. But it's the PCAOB's 46%. PCAOB live with it. "I agree that the PCAOB should be held accountable", *Persecuting*, 4. To who or what?

"Yes, those in charge have the power to fire me without cause; the power to put my daughter's healthcare, education, and future in jeopardy ", *Persecuting*, 4. Boo hoo. Has the PCAOB power over GW? "Is there anything more hypocritical than Senators who ... do not think twice about threatening a woman of color [WOC] for simply doing what she believes is right?", *Persecuting*, 4. You put it in issue Ho, why were you and EW appointed to the PCAOB? Because you're WOCs? Just asking.

"The common theme across the four proceedings is the Commission playing Monday morning quarterback. ... [T]he commission engages in a hindsight review to second-guess the disclosure and cites immaterial, undisclosed details to support its charges. Accordingly, we dissent", *Regarding*, 2. "The Commission needs to start treating companies subject to cyber-attacks as victims of crime, rather than perpetrators of one", *Regarding*, 9. The SEC's failure to distinguish between victims and perpetrators goes back decades. I see it today in *Circor*, 5-7, *supra*. I saw it in 1973 with Dirks.

The SEC's 2024 budget request had 4,547 full time equivalent positions and asked for \$2.436 billion. At 1,500 hours per year, that's 6,820,500 estimated total hours or \$357 per hour. How much time can the SEC spend on Groom?

Lovesac capitalized \$2.2 million of costs improperly to meet 2024 gross margin projections, *Dellomo*, p 33. The incentive for such accounting improprieties would decrease if the SEC adopted my September 4, 2024, 4, suggestion. Not to defend Dellomo, whose actions were clearly improper, but to better protect investors.

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Are the SEC's "terrifics" terrific? I filed my first "SEC letter" in January and the SEC still hasn't figured out, now 77 is more than 60.

  
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George Weinbaum

SEC-Brief 05

**CERTIFICATE OF SERVICE**

I, George Weinbaum certify that today, November 13, 2024, I mailed you three copies of my November 13, 2024 brief in Admin Proc. File 3-21841. I also filed the brief by e-mail to <https://www.sec.gov/eFAP> and [feigherym@pcaob.org](mailto:feigherym@pcaob.org), [cappolij@pcaob.org](mailto:cappolij@pcaob.org), [delatorrel@pcaob.org](mailto:delatorrel@pcaob.org) and [sisulij@pcaob.org](mailto:sisulij@pcaob.org). I also mailed three copies to the PCAOB.

My word processor generated a word count including the front tables and identifiers for the 31 pages of 9,220.

A black rectangular redaction box covering the signature of George Weinbaum. A horizontal line extends from the right side of the box.

George Weinbaum