

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 Fourth Follow Up On July 5, 2024 Brief

March 31, 2025

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I read Hackert's complaints, holding many similar positions. "Hackert also seeks injunctive relief enjoining the SEC from proceeding with the unconstitutional Administrative Proceeding, including an order enjoining the appointment of an Administrative Law Judge to preside over the proceeding", *Hackert*, P 4. I attack PCAOB hearing officer (HO) Mark Dorfman's (MBD) findings based **not** on his appointment, but his actions, i.e., no matter what the PCAOB claims, its HOs run kangaroo courts.

"This Court [the SDNY] may consider claims, like those advanced by Mr. Hackert here, 'that the structure, or even existence, of an agency violates the Constitution'," *Hackert*, P 8. May the SEC or D.C. Circuit consider **how** the PCAOB operates **in fact**?

"This court has personal jurisdiction over the SEC, which has a regional office in this district", *Hackert*, P 9. I repeat, the PCAOB has a Dallas office. Will the SEC stop the PCAOB wasting **investors' money** on venue motions?

Like Hackert, I was never before "accused of professional misconduct, nor ... been subject to professional discipline", *Hackert*, P 12. I repeat: does the SEC want to **discourage** CPAs from insisting clients restate their financials when appropriate? Well?

"Other than second-guessing a single real-time accounting judgment relating to the classification of certain income during the audit of one issuer, the OIP does not cite a single audit failure, false financial statement, harmed investor, or impeded regulator", *Hackert*, P 15. I did better. SEC, I think the FASB's fair value (FV) warrant accounting change, moving it to the operations statement from accumulated other comprehensive income, was arbitrary and **of no investor significance**. What say you Ryan Wolfe (RW)? If he was still with us, what would Markowitz say? *Hackert-A*, says at P 15, the warrant accounting issue was a "reclassification".

Technically, as the FV change went into the income statement, it is a restatement. That said, no one was fooled by this. Agree, Uyeda?

"The SEC has never litigated (and never settled) a case against an individual auditor solely for documentation related issues as minor ... as those the SEC has alleged in the OIP", *Hackert*, p 16. I previously cited *D&T* and *Cordovano*, see various quotes. My opinion: the PCAOB intimidated Miguel Figueroa into settling with it. I will not settle, nor back down.

"Hackert has not yet filed a response to the OIP's charges, but he denies the allegations in the OIP", *Hackert*, p 22. I answered the PCAOB's charges and deny any wrongdoing. Will the PCAOB disclose how many hours a year it spends on the B4, auditors of 97% of SEC registrants by market cap (MC), versus other CPAs? Should investors know this? The PCAOB was supposedly created to prevent "big" audit failures. See 21, *infra*. By looking at Adamant?

"Over a five-year period from 2010 to 2015, the SEC won 90% of contested administrative proceedings, compared to a 69% success rate in contested cases brought in federal court", *Hackert*, p 28. I cited Gorsuch's statistics at my July 5, 2024 submission, 25.

"Only after the Commission enters a final order can respondent appeal to a federal court, but the circuit courts hearing such appeals are constrained to treat Commission findings as 'conclusive; if supported by "substantial evidence",' " *Hackert*, p 30. I attack PCAOB HO's findings: 29 for 29. By MBD, 18 for 18. Who, or what is the PCAOB kidding? Does the belief PCAOB HOs will sustain any PCAOB action create "moral hazard" for the PCAOB? What say you Peirce? What would Learned Hand, Richard Posner or Oliver Wendell Holmes, Jr., say?

"It is not unusual for respondents' cases to languish for years pending the issuance of appealable Commission orders. Indeed, in *Axon*, the Supreme Court noted that the under-

lying SEC administrative proceedings 'dragged on for seven years'," *Hackert*, P 32. My case is 81 months old. That's less than 84, but more than 60. See my March 27, 2024 submission, 2.

"In order to obtain a permanent injunction, a plaintiff must demonstrate that: (i) he or she will suffer an irreparable injury, absent the injunction; (ii) remedies available at law are inadequate to compensate for that injury; (iii) considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (iv) the public interest would not be disserved by a permanent injunction", *Hackert*, P 45. See my March 27, 2024 submission, 3, 8 and 9. On March 27, 2024, 9, I asked my case be dismissed. The SEC dismissed *Hackert* September 27, 2024, **64 days** after *Hackert-A*. "That injury cannot be remedied with after-the-fact money or other damages since it is an irreversible and non-compensible 'here-and-now' injury", *Hackert*, P 46.

"SEC enforcement actions are not like civil actions between private parties but instead, 'quasi criminal proceedings' where sanctions may be imposed that 'look like criminal penalties'," *Hackert*, P 50. Will the SEC concede that PCAOB actions are also "quasi criminal"? If so, I ask again, what is the Statute of limitations (SOL) on PCAOB actions?

"The OIP does not allege any ongoing violations; the last supposed act of 'improper professional conduct' alleged in the complaint occurred in March 2022, more than two years ago", *Hackert-A*, P 16. Does the PCAOB allege any "improper professional conduct" by me after June 8, 2018, 81 months ago? Ian Anderson (IA) am I accused of **subsequent** misconduct?

Hacket-A discusses a documentation change at Ps 19-20. The SEC's raising this issue shows: SEC lawyers and I disagree over what is, puts investors at risk. Do they pursue documentation cases as they need **no brains** to win? No plaintiffs' bar firm would pursue this. Did

Hackert cause any investor harm? Did the PCAOB change AS 1215 to give its lawyers work, yet avoid confronting **real** audit problems? See my March 27, 2024 submission, 7.

"Because there is no 'victim' of Mr. Hackert's supposed professional negligence (indeed, not a single audit failure or false filing is alleged) and no allegations of ongoing misconduct, the practice bar the SEC seeks is entirely punitive and does nothing to 'restore the status quo'," *Hackert-A*, p 23. Unlike Hackert, I concede my actions have victims: five PCAOB Commissioners, MBD, IA, He who does not know five is more than two and possibly others. How? Bruised egos. Have we compensable damage, or are my statements protected First Amendment speech? Well MBD, Harvard LS grad, what say you?

As for "ongoing misconduct", Ahmed Mohidin's bar expired in September 2018, 78 months ago. Having expired, how could I or he violate it today, if either of us tried?

Hackert was accused of violating PCAOB rules in 193 audits, *Hackert-A*, p 26. The PCAOB looked at nine of my audits. 193 is 184 more than nine, and the PCAOB found no fault in any of the nine. Ask RW, or Ho, CPAs, if **193 is more than nine**.

Debevoise & Plimpton (D&P) partner Andrew Ceresney represented Hackert. D&P partner, Mary Jo White (MJW) was SEC Chair 2013-2017. As the SEC "caved" in **64 days**, have we influence peddling here? Will any SEC lawyer join D&P after a "decent" interval, say two years? MJW was born in 1947, so may retire in a few years. Just asking. Ceresney's tickets are well-punched: Columbia College, Yale LS, then four years at MJW's SEC! I repeat, I can offer no SEC lawyer a seven-figure job. I can only offer: an opportunity to gain some self-respect. Reading Ceresney's resume on D&P's website made me laugh. Really!

Macy's 277.5 million shares outstanding (SO) on 12/11/24, *Macys-8* and \$16.58 share price give a \$4,601 million MC, 3,434X Adamant's \$1.34 million at the relevant time. Macy's restatement was 84X Adamant's \$1.8 million. "[T]he Company identified that a single employee ... intentionally made erroneous accounting accrual entries and falsified documentation to hide approximately \$151 million ... from the fourth quarter of 2021 through the third quarter of 2024", *Macy'-8*. Therefore KPMG's 2021, 2022 and 2023 audits did **not** find the problem. The Adamant problem blew through **no** MJF audit!

"[M]anagement determined that the errors are not material to any prior period', *Macy's-8*, 3. If immaterial, why restate? "However, the Company is presenting correction of the immaterial errors by adjusting prior period financial statements", *Macy's-8*, 3. Yet "management indentified a material weakness in its internal control over financial reporting related to the design of existing internal control activities involving manual journal entries", *Macy's-8*, 3. Why material, if the errors were not? KPMG's 3/22/24 report on internal control "should no longer be relied upon", *Macy's-8*, 5. Using 2/3/24 data and for the year then ended, my computation of what is material to Macy's financials (millions) is :

Base	Amount	Ratio	Extension
Assets	16,246	.005	81
Equity	4,035	.01	40
Revenues	23,866	.005	119
Pre-tax	124	.05	<u>6</u>
			<u>246 x .25 = 61</u>

I reject Macy's story. Its year ended 2/3/24 pre-tax change was \$81, 133% of my computed materiality and 65% of \$124. This looks like scapegoating to me, see my November 13, 2024 submission, 5-7. Did Macy's tell the employee make these entries to increase 2024

pre-tax profit? The SEC or PCAOB should review KPMG's three audits to see if KPMG missed anything. From May 24, 2018 to June 8, 2018 was 15 days. 105 days elapsed since December 11, 2024, ample time to start a PCAOB investigation. Don't you agree IA? If the PCAOB or SEC is incapable of investigating Macy's, audits, I can. My fee: Mololamken's Jeffrey Lamken hourly rate. I'm rested and ready. All in the public interest!

"In any event, what matters for the purposes of our review is that the Commission did not offer any explanation at all for not factoring in *Northern Natural's* mode of analysis. Because the Commission neglected to address whether and why its order in *Northern Natural* is distinguishable, we remand for it to do so", *Healthy*, 1042-1043. PCAOB, distinguish my case from *D&T*. "The Commission found that the project's operations would increase national GHG emissions by only 0.000006%", *Healthy*, 1043. That's 6 parts in 100 million or 1 in 16.667 million. Adamant's MC was 1 / 32 million of the total.

"Recall that the Project would emit an estimated 3.2 million metric tons of CO₂e a year. That number represents a 0.06% increase in national emissions levels and a 1.7% increase in Louisiana's emissions levels ... and is roughly thirty-two times the Commission's draft significance threshold of 100,000 metric tons", *Healthy*, 1042.

"The Commission's orders, however, did not acknowledge petitioners' argument nor provide any explanation of why *Northern Natural's* logic would apply here. That failure is a straightforward violation of the APA's reasoned decision-making requirement: When 'a party makes a significant showing that **analogous cases have been decided differently**, the agency must do more than simply ignore that argument'," my emphasis, *Healthy*, 1042. *Lacetti* applied the APA to the PCAOB. Are *D&T* and my cases analogous?

"The Supreme Court convenes Wednesday to hear oral arguments on whether Tennessee's law imposing age restrictions for sex-change procedures violates the Constitution. ... In their arguments before the high court, Justice Department lawyers assert that the facts are already settled", *Transgender*. Like the PCAOB asserting MBD's opinion settles things.

"Relying on these appeals to authority, the Justice Department and ACLU have persuaded several federal courts to block age limits for sex-change procedures", *Transgender*. My fifth-grade class would have rejected the DOJ and ACLU arguments as "argumentum ad verecundiam". We had a two-week "module" on logical fallacies and propaganda. "Left undisclosed is that **the WPATH standards were specifically crafted to enable such legal victories**", my emphasis, *Transgender*. Are "experts" bought? Is MBD an "expert", or a "judge"?

"One way to make the guidelines more effective was by *not* looking for evidence", *Transgender*. Has the PCAOB **any** evidence its actions improve audits? Does it know what would? "In other words, to get courts to defer to 'evidence-based' guidelines, WPATH obscured the lack of evidence supporting them", *Transgender*. What does PCAOB "prosecutorial discretion" permit? "The 'social justice lawyers' in and outside the administration told the Supreme Court none of this", *Transgender*. Like not saying five is more than two. Or the SEC OIG's "investigation", my December 30, 2023 submission, 49-50.

I say Samuel Alito in oral argument humiliated Solicitor General Prelogar (SGP) over the facts. Either SGP didn't know the facts, or worse, did. Was she a "Handian fool or knave"?

"Mr. Barr stepped into his job in July 2022 as the Fed was starting to tighten monetary policy. ... In his view, the 2008-2009 financial panic resulted from too little regulation. Never mind the government-driven housing bubble, Fed policy that was too easy for too long,

and sleepy bank examiners", *Boot*. Also, the megabanks knowing each would get a Fed bail-out, see 24 *infra*. "The real problem is that **the examiners were focused more on risk-management process than actual financial risk**", my emphasis, *Boot*. Did the PCAOB train them? Its inspectors focus on processes and forms completion, **not** substantive audit failures.

"In selecting audits for review, we use a risk-based method of selection", *B&P*, 2. "Total issuer audit clients in which the firm was the principal auditor, 1", *B&P*, 3. How did the PCAOB apply "risk-based ... selection" to a one audit client firm? Does the PCAOB have such method or is "risk-based" a "magic word" justifying selection bias?

"Hence we refuse to say that the Commission, which **had not previously been confronted** with the problem of management trading during reorganization, was forbidden from utilizing this particular proceeding for announcing and applying a new standard of conduct", my emphasis, *Chenery*, 203. The PCAOB "previously confronted" aiding and abetting in a barred accountant acting in *D&T*. "Every case of first impression has a retroactive effect, whether the new principle is announced by a court or a administrative agency. But such retroactivity must be balanced against the mischief of producing a result which is contrary to statutory design or to legal and equitable principles", *Chenery*, 203. The PCAOB's SOL is a "matter of first impression". The aiding and abetting issue isn't. Do equitable principles apply here?

"Oh boy. Look, lady, the PCAOB has been very busy fining audit firms halfway across the world for not filing a timely Form 3, ain't nobody got time to hand down some consequences to sloppy firms", *Yell*. Can the PCAOB recognize bad audits? I've encountered no PCAOB inspector who had any more skills than a mediocre large firm senior accountant.

Their largest fine to date was \$25 million against KPMG Netherlands because their auditors were **sharing answers on BS internal training** and the firm fibbed

when they told the PCAOB they didn't know it was happening (spoiler: it happens everywhere). 'The PCAOB will not tolerate cheating or any other unethical behavior period', said PCAOB Chair Erica Y. Williams when that fine was handed down earlier this year. 'Impaired ethics threaten the investor confidence our system relies on, and the PCAOB will take actions to hold firms accountable when they fail to enforce a culture of honesty and integrity'. But screwing up 86% of your job is fine, whatever, *Yell*.

EW: people who live in glass houses should not throw stones. Fix the PCAOB's ethics **before** disciplining CPA firms. Do you believe CPA continuing education is any more than "box-ticking"? The SEC fined E&Y \$100 million over similar cheating, my July 5, 2024 submission, 8. Why look at this? "A question that gets asked any time a new PCAOB fine (or verbal tongue-lashing) happens is this: Does it matter? Did the financial statements need to be restated or opinions changed as a result of the misbehavior a firm is fined for? No? Then who cares", *Yell*. The PCAOB cares, to maintain its innumerate, economically illiterate sinecurists.

"The requests sought (in relevant part) detail about loans that the twelve Federal Reserve Banks made to private banks in April and May 2008 at the Discount Window and pursuant to ad hoc emergency lending programs (described in the margin). Bloomberg asked, loan by loan, for the name of the borrowing bank, the amount of the loan, the origination and maturity dates, and the collateral given", *Bloomberg*, 145-146. If the SEC "lane drifted" this case should have been unnecessary. The SEC could have passed a rule requiring such loans be disclosed if they exceeded say .001 of a bank holding company's (BHC) total assets. If Reg S-X has 5% disclosure rules for other current assets and liabilities, why not?

If the SEC "lane-drifted" in 2008, it would have told the Fed if it takes a position on BHC accounting or disclosure, the SEC will seek indictments at the SDNY US Attorney's office. I thought that in 2008 and still do. Instead the SEC spends time on Groom.

"The only prejudice or harm claimed by the Board for itself (and the only issue of prejudice or harm we consider) is that disclosure would impair its mission-to furnish critical infusions to distressed banks on a confidential basis-and thereby **prevent loss of confidence**, bank runs, fluctuations of bank stock, and rippling harm to the banking system", my emphasis, *Bloomberg*, 150. Is this an "adverse party admission" that the Fed runs a confidence game? A bigger Ponzi scheme than Bernie Madoff?

"To reiterate, the PRA principles are designed to ensure federal agencies: 1) do not overwhelm the public with unnecessary or duplicative requests for information, and 2) facilitate decision-making based on high-quality data", *Firm*, 2. "The foundational principle of all PCAOB standards is to protect investors by improving audit quality. ... Therefore, what's the underlying problem that the proposal is trying to solve", *Firm*, 4. The problem: PCAOB employees need something to do that will **not** hurt the B4. "Since training is mandatory across states for licensure purposes, this is redundant information which adds no value in ascertaining audit quality, much less investor protection", *Firm*, 4. I go further: mandatory CPE is a waste of time. "[T]he economic analysis lacks any supporting evidence or research to back its audit quality conclusion", *Firm*, 7. "The economic analysis states that there is limited academic evidence about whether the benefits exceed the costs because the necessary data does not exist", *Firm*, 8. No fooling. "My professional skepticism leads me to wonder if **this adopting release is a thinly veiled tactic to create more avenues for inspection findings so that the PCAOB can rejoice in record-setting enforcement actions and civil money penalties**", my emphasis, *Firm*, 10. Ho should read *Allen v. US*, my April 17, 2023 submission, 18, Item 134. SEC, just vote no! The PCAOB withdrew these proposed rules in February.

"An independent certified public auditor assumes a public responsibility transcending any employment relationship with the client. The independent public accountant performing this special function owes ultimate allegiance to the corporation's creditors and stockholders, **as well as to the investing public**", my emphasis, *Young*, 817-818. Investors pay the PCAOB's fees. Are investors my **and** the PCAOB's "clients"? Does *Young* apply to the PCAOB? Does the SEC consider my position a "good faith extension" of existing precedent?

"The PCAOB has been trying to define audit quality, and has been playing whack-a-mole on auditor independence, ever since [2022]", *Wants*, 4. "There has never been a consensus for how the PCAOB should promote and measure audit quality or what investors and markets would consider sufficient audit quality", *Wants*, 5. The PCAOB's answer: file Forms AP timely! (Sarcasm notice). "I suspect the PCAOB lately feels it has to constantly prove its value to avoid being suddenly shut down by the SEC or legislation or a court decision", *Wants*, 8. "I find the need for an independent audit regulator hard to argue with and have written so many times", *Wants*, 7. I **never** expected the PCAOB to improve audits, anymore than I believe the Fed "controls" inflation. I **always** expected the PCAOB to increase paperwork with no investor benefit. "However, the ongoing lack of effectiveness of the PCAOB, **as it is structured and operating in reality**, is now making it tough for me to keep making that case", my emphasis, *Wants*, 7. Welcome aboard Francine. Almost. "McKenna is a Lecturer at the Wharton School", *About*. Sufficiently prestigious, SEC?

"Plaintiff initiated this action by Complaint dated March 27, 2024, *Doe*, **P** 1. "On November 19, 2024, DDC transferred this case back to this Court", *Doe*, **P** 9. "On December 27, 2024. Plaintiff received a letter from the Board, notifying Plaintiff, in substance, that the

Board's Division of Enforcement and Investigation ('Division') had completed its investigation, the Division had determined not to recommend any enforcement action by the PCAOB against Plaintiff", *Doe*, P 12. The PCAOB did **not** get the ABD materials it wanted. What happened here? The PCAOB venue loss meant it would face a **Texas jury**, not a DC Kangaroo Court. So realizing "discretion is the better part of valor" threw in the towel. That's how it looks from Houston. Were I called to jury duty on this case, Jeffrey Lamken would strike me for cause, if there was no substance here. But, if there was, I would be his best juror.

"First, our regulations and standards **must be proportionate** to the problem we are trying to solve. Second, our inspection approach must be risk focused. Third, our enforcement authority must be used strategically to protect investors and avoid needless harm to investor confidence in U.S. capital markets", my emphasis, *Opportunity*, 2. Does Ho follow the Lord High Executioner, my April 17, 2023 submission, 9, Item 134. Can CPA Ho use fractions and percentages? What does Ho think creates capital market risk and how to measure it? Similarly, how to apply risk to the PCAOB inspection process. See my December 30, 2023, 12, 13; April 18, 2024, 25 and June 4, 2024, 5, 6 submissions.

"With respect to inspections, the PCAOB seems to want to instill fear instead of confidence in our capital markets", *Opportunity*, 3. I do not know the basis for Ho's belief. EW's "statement and stark examples seem designed to inspire fear about the state of public company audits, by suggesting that a PCAOB inspection report identifying even a single part IA deficiency is an ominous indicator of audit quality", *Opportunity*, 3. I disagree, saying EW's statements are designed to protect the PCAOB's existence. The PCAOB no more knows what puts investors at risk, than I know neurosurgery.

"I believe that scarce enforcement resources should be used in a strategic way to best serve investors the PCAOB is sworn to protect. The focus should be on violations that are most likely to put investors at risk, rather than what I colloquially refer to as parking or jay walking violations", *Opportunity*, 5. Peircian, foot faults. Why is the PCAOB "sweeping", my November 13, 2024 submission, 12, 13 and 24?

"Economics is stingy about offering up free lunches. Yet politicians on both left and right love to try to serve them", *Left*. As Uncle Miltie said, "There ain't no such thing as a free lunch". "Liberals do benefit-only analysis in which everything passes because all good things go together. ... Economics provides tools for wrestling with these trade-offs through cost-benefit analysis [CBA]. ... It brings to the surface consequences that are often overlooked because they are indirect, diffuse or delayed", *Left*. See my May 19, 2023, 17, Item 141; April 18, 2024, 4; July 5, 2024, 24 and November 13, 2024, 26 submissions. We'll see how much influence Professor Schmalz has on the PCAOB. "In a world of scarcity and competing objectives, trade-offs are inevitable", *Left*. SEC, "sacrifice" Groom for Macy's. At least that's what I think.

Reporting at 3 and 4 is critical of PCAOB CBA. "These latter two statements are patronizing because the PCAOB is telling audit committees (and investors) that the PCAOB knows better than they do about what they need", *Reporting*, 4. The PCAOB does do not CBA as I do. "I sometimes question if whether the PCAOB understands its own current or future needs, so how can the PCAOB tell others what they need?", *Reporting*, 4.

"However, the economic analysis acknowledges that the relationship of these percentages to the proposed reporting requirements is ambiguous, because the survey questions were not directly tied to the proposals mandatory reporting requirements", *Reporting*, 5.

"In my April 9, 2024, dissenting statement on the proposal, I expressed concern about the Board imposing, in each new standard or rule, burdens on firms, **without any quantification of the estimated burdens or costs**", my emphasis, *Reporting*, 6. Will the PCAOB have Professor Furman conduct a "come to Jesus meeting"? See my June 4, 2024 submission, 10.

"The unbridled contempt conveyed in this adopting release and the corresponding abuse of power convince me that the PCAOB, like most financial regulators, should be subject to congressional oversight because unchecked regulatory power is dangerous and harmful to the capital markets", *Reporting*, 8. Right on.

Now my analysis. Has the information value? Suppose Fortune 500 Inc. told its B4 firm it wants a "better" audit. Its last three years B4 bills averaged \$6.5 million. Here's our deal: we will pay you \$10 million for next year's audit. One of your deliverables will be all PCAOB proposed metrics. Your audit committee deliverables will include projected hours by level, i.e., staff, senior, manager, partner and consulting partner(s). We extended this offer to your three competitors.

Why do we do this? Because noted Professor Schwartzkopf (blackhead in German) of the Wharton (Stanford, Chicago, Yale, MIT, whichever MBA school) made a study showing a "better" audit will reduce our WACC (weighted average cost of capital) 42 basis points give or take 5 basis points at a 95% confidence level yielding a \$14 billion expected MC increase. Our Treasurer (UCLA, MBA) and CFO (Columbia, MBA) agree with Schwartzkopf.

Our CFO's CBA: capitalizing \$3.5 million (\$10 - \$6.5) at 10% gives a \$35 million present value cost. \$14 billion / \$35 million is 400! A 400 to 1 payoff! Has this happened? If "better" audits were worth more, they would cost more. Any audit committee can offer this

now. The SEC should ask each Fortune 500 company if it made this offer. I'm sure Professor Schmalz will follow this, after all see my June 4, 2024 submission, 9.

"All the currency represents zero-interest-rate financing of the Fed and the US government", *Power*, 7. I realized this in 1987 or 1988 when I read *The History of Interest Rates* (1963) by Sidney Homer (1902-1983). It exposed me to the "period of the peg", 1941- 1951, which was new to me. "The first real mandate of every central bank is to finance the government of which it is a part. ... You will not find this first real mandate of central banks anywhere in the Federal Reserve's copious public relations materials", *Power*, 8. The dollar bill says "Federal Reserve Note" (FRN). Note! Does the Fed publish an S-1 **before** issuing FRNs? Why not? Can the SEC protect investors **from** Uncle Sam? Lane drift!

"I will present evidence in this public comment letter demonstrating that the large audit firm staffing model is a mismatch for the complexity auditors are expected to master. I will also demonstrate why the large audit firm staffing model (as it exists today) is frequently the root cause of many negative audit quality trends", *Response*, 1. I agree there's a "mismatch, but disagree as to it being a "root cause". Auditors low marginal revenue product, my January 10, 2025 submission, 18, is the cause. Lynn Turner said, "'the Council for Institutional Investors has come out in strong support for those along the line'," *Response*, 2. Really? See 17, *supra*. How much will they **pay** to "fix" the problem? "Further compounding the risk is the perception that reporting deadlines are seemingly fixed", *Response*, 3. Should the SEC adopt PCAOB "reporting deadlines"? Can an SEC registrant issue its financials say eight years after the relevant balance sheet date? Why not, if a PCAOB investigation can take eight years to complete? The legal rule: what's sauce for the goose, is sauce for the gander.

"Don Nicolaisen (former SEC Chief Accountant and ACAP Co-Chairman): 'The firms compete primarily on the basis of cost', *Response*, 8. Agree. No matter what the PCAOB or SEC may say, the B4 sell **what auditees want**. Should CPA audits be eleemosynary acts? "CEOs, CFOs and Audit Committees are fanatical about not wanting to be surprised at the last minute and potentially delaying the earnings release", *Response*, 9. Why? "The audit firm is financially rewarded when it delivers what may be a lower quality audit", *Response*, 15-16. By what standard lower quality? "This is why the PCAOB's inspection regime is so important--to ensure the auditor does not compromise audit quality for the sake of profitability", *Response*, 16. To improve "audit quality", change incentives. Today, one B4 firm's opinion is as good as another. Is there "product differentiation"? You can drive a Chevrolet or a Mercedes from Dallas to Houston. If you choose a Mercedes, you pay more. Clear enough? "So people are underpaid and overworked. This is what happens when commodity pricing exists", *Response*, 16. Underpaid, compared to Henny Youngman's wife, my April 23, 2024 submission, 4?

"Chinese leader Xi Jinping is bringing the country's financial sector to heel, one banker at a time", *Reins*. "The Communist Party is curbing bankers' lavish pay packages. ... Xi believes the finance industry has focused too much on its own profits, and should serve the Communist Party and the nation, rather than the interests of bankers and their clients. 'Serving the real economy is the duty of finance', Xi told officials last year", *Reins*. Not creating "products" like tranching collateralized debt obligations. I never understood how breaking up a cash flow into tranches added value. Through arbitrage, what you take apart, you can put together. The banker's "tranching" fee is a real cost. At least that's how I saw it.

"Since 2022, Chinese authorities have opened investigations against more than 500 people in the financial sector, **including at regulatory agencies, banks and insurance firms**", my emphasis. *Reins*. "The state-owned Industrial & Commercial Bank of China arranged for more than 70 cadres to attend corruption trials of two former ICBC bankers, to ensure that its employees are 'fearful in their hearts and restrained in their actions'," *Reins*. Should US regulators attend the next ICBC banker trial, through a Zoom call with simultaneous translation?

"The NCLA currently has two other cases pending against PCAOB, Ryan said in an interview. He noted that his group doesn't take a position on whether the PCAOB should exist, but said that if it's enforcing the law and imposing penalties, it needs to do so 'in a manner that complies with the constitution and respects civil liberties'," *Probe*, 2. I think the PCAOB should be dissolved, as it is just deadweight loss to the economy. It elevates form over substance and did not "fix" auditing in 22 years. Should it get 26 more years, to equal the SEC's 48 years since the *Metcalf Report*?

"In contrast, the PCAOB downplayed the lawsuit's dismissal, saying in an emailed statement that it 'in no way addressed, analyzed, or affirmed the merits of the arguments Plaintiff made in that case'," *Probe*, 3. I believe it. On November 19 the Fifth Circuit returned the case to Houston. The PCAOB dropped the case **38 days later** on December 27. My analysis: the case lacked merit, but the PCAOB thought it would be heard in DC, 92% of votes went for Harris, so would win. Knowing a Houston jury would be unsympathetic to DC "revenueers", surrendered. 38 days? I refer to *Murray v. UBS*, 144 S. Ct. 445 (2023), my June 8, 2024 submission, 18-19. "The court further determined that 'the district court's failure to instruct the jury on Murray's burden to prove UBS's "retaliatory intent" was not harmless--despite

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'circumstantial evidence at trial that UBS terminated Murray in retaliation for whistle-blowing,' such as the **close temporal proximity** between Murray whistleblowing and termination", my emphasis, *Murray*, 452. Ladies and gentlemen of the jury, "AUSA" Weinbaum rests his case. Now MBD, your closing argument.

"Modern Warfare has become a battle of numbers Yet, no longer is the main data point the number of troops but rather **the number of systems and their cost**", my emphasis, *Warfare*, 1. CBA for the Pentagon? "The U.S. military-industrial complex has created incredibly complex, expensive, exquisite products for the last half-century. ... While the U.S. was building such systems, China has been focusing on cheaper systems that, in mass, can destroy these large systems. Sure the USS Ford has defenses, but the People's Liberation Army (PLA) fires five DF-21 missiles that cost \$25m each at the U.S. Navy's crown jewel, only one needs to get through. The cost of the PLAN to destroy a \$13 billion asset could be only \$125 million", *Warfare*, 1. Over 15 years ago, me, sans Annapolis degree, said the PLAN could launch 100 \$1.5 million cruise missiles at an aircraft carrier (AC). If ten of them got through, the AC would be damaged or sunk for \$150 million. CBA is important. Did you "surplus" any Groom lawyer yet? As Josef Stalin said in World War II, "Quantity is its own quality". And the SEC makes billions of tiny nuts, see my November 13, 2024 submission, 16.

"The suit describes the five-member faculty hearing board that sanctioned her as a 'kangaroo-court' that engaged in unfair procedures", *Wax*, 2. Did MBD hold it? Low blow, the ref takes off a point, see my September 4, 2024 submission, 19, citing *Berger*. "Wax is seeking to have a federal judge order Penn to remove its sanctions on her and to rule that the university's speech policy violates federal laws regarding discrimination and free speech", *Wax*, 2.

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"The suit points to multiple examples of Penn choosing not to discipline educators for remarks and conduct that could have been viewed as causing 'harm' similar to the impact of Wax's past statements", *Wax*, 2. Shades of me and D&T. "These actions by the University thus reveal that its 'harm' rationale is entirely pretextual and served as a thin veneer for discrimination on the basis of race, ethnicity and other protected grounds', the lawsuit states", *Wax*, 3. Should investors be free of a PCAOB sponsored cartel? Am I a PCAOB anti-trust victim?

"I appreciate the spirit of Mr. Knopp's plea to make it easier to be a CPA. But I have talked many young people out of considering the field. Not only are the barriers high and the pay not commensurate, but CPAs also face significant ongoing regulatory hassles and threats. ... Accountants can work investment-banking hours and enjoy the prestige of human resources", *CPAs*. Who becomes a CPA today under these circumstances? Congress wants people paid say, 20% of investment bankers' pay to make economic judgments about financial information. The Fed armed with 420 PhDs does not know where to set interest rates or bank leverage ratios. Do Fed PhDs suffer for failing to "correctly" set interest rates?

"It responded to several notorious accounting and disclosure frauds at large, well-known companies like Enron, WorldCom, Adeptia, and Tyco. Long undetected by investors, auditors, and regulators, these companies' problems cascaded suddenly and painfully into the markets and public discourse", *Governance*, 1. I see WorldCom as an audit bust. Enron was not. I put the primary responsibility for Enron on the FASB and SEC. I say Andersen's role was secondary. The SEC still did not fix "Enron". Why? Refusal to "lane-drift".

"Perhaps casting about for ways to spend its enforcement resources, the PCAOB has signaled recently that it will bring enforcement actions for single acts of negligent conduct.

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If the PCAOB were folded into the SEC, its enforcement resources could be focused on more serious violations", *Governance*, 2. I disagree. We learn in finance, investment and financing decisions are separable. The PCAOB can focus on "more serious violations" **now**. If an enforcement attorney wears a PCAOB, SEC or MAGA hat on his head is irrelevant. The PCAOB had over 1,000 B4 client financial restatements to look at. Why does it "sweep"? It looked at Adamant at least in part, because the PCAOB is incompetent. That's my opinion. If it can't distinguish between a small investor and an investor in a small company, why listen to it? See my April 18, 2024 submission, 6. Use the "revealed preference" doctrine and ignore the supposed reason for creating the PCAOB. Neither it, nor the: Fed, the OCC, the SEC, CEA, etc. prevented the 2008- 2009 "crisis", nor do I expect will prevent future crises.

"I was given to believe that they were looking only for background information ... I called the agent and asked directly: 'Am I a target?' to my great shock. the agent said yes. ... The conduct of law enforcement officials was toturous. ... My company and I were innocent of all charges, and while I am pleased this Kafkaesque harassment is over, I am not content to simply shrug my shoulders and move on", *Open*. Me neither. What is my "prayer for relief"? A Congressional hearing leading to the PCAOB's demise and a "quantum meruit award". How big? 4,500 hours at Jeffrey Lamken's billing rate. Paid by the PCAOB. Fair enough? Did the SEC supervise the PCAOB for 22 years? As well as it "fixed " auditing in 48 years.

"Our attorneys prepared an 88-page brief rebutting all charges. They succeeded in backing prosecutors down, but I am convinced the department's actions were political and malicious, targeting me as a lobbyist who has supported Donald Trump, and been critical of President Biden", *Open*. My attorney played the PCAOB insubstantive paper shuffling "game".

Why was I targeted? Am I Gregor Samsa of *The Metamorphosis* (1915)? Well IA? Or Josef K in the *Trial* (1915)?

"The statute of limitations expired on our case in November, and prosecutors said said they are no longer interested in pursuing charges", *Open*. SOL? Interesting. My case against the PCAOB is stronger than *United States v. Leech*, my January 10, 2025 submission, 19-20. Not even 81 trillion to one. What an intellectual laughingstock the PCAOB is. It reminds me of something my favorite judge, Oliver Wendell Holmes, Jr. said of a president, " Mr. [X] has a first-rate temperment and a third-rate intellect". Who was Mr. X? Franklin Delano Roosevelt. Think about it. FDR was a Harvard graduate.

Mr. He who does not know five is more than two, a Biden Administration SOL "workaround": 60 is less than 80. Really? If the 60 is "60 hex". Yes, hexadecimal, or 96 base 10. Agree? Am I qualified to be the next Democrat administration's Solicitor General? Well, Mr. He who does not know five is more than two? By the way, I am still waiting for the PCAOB to produce the "standard" which MBD supposedly ignored. I believe the PLS has the "burden of production" in "Le Affair Wax", similarly, the PCAOB put a "standard" in issue, and should produce it or admit to the SEC, it lied. Well SEC Commissioners, do you agree?

"Stocks haven't looked this unattractive, by at least one measure, since the aftermath of the dot-com era", *Premium*. Stocks, or Treasury bonds? "The difference between stock and bond earnings yields shows how much investors are compensated for the additional risk of owning stocks over **the relatively risk-free government bonds**", my emphasis, *Premium*. Did the "relatively" decrease? If the capital market line slope decreased, is it due to the "risk-free" end increasing, not the risk-bearing end decreasing?

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On 1/29/25 the SEC released AAER 4561, *The Matter of Jason Boucher*. It led me to ARA's 2018 and 2017 Forms 10-K. On 3/6/18, Grant Thornton's (GT) opinion date, ARA had 32,034 (000) SO. I did not find ARA's 3/6/18 share price so using its 3/5/18 share price, \$14.07 got a \$450.7 million MC, 336X Adamant's at the relevant time. ARA's 2016 and 2017 restated financial statements indicate **two GT audits** missed the problem. The 2016 and 2017 balance sheet effects were \$25,943 and \$54,204 respectively, an \$80,147 total, 45X Adamant's \$1.8 million, which did not blow through **any** MJF audit. I found no action against GT arising from its ARA audits on the PCAOB's website. If I missed it, IA can point it out. Which miscreant CPAs does the PCAOB protect investors from? I no longer believe Adamant's restatement caused my PCAOB's investigation, but was **ALWAYS A PRETEXT**.

"However, when these investors believe government bailouts will rescue them when things go wrong, they stop pulling for caution and join the side advocating for more risk. ... Over the years, federal regulators, including the Federal Reserve, have repeatedly bailed out investors--sometimes even uninsured or nondeposit investors in large financial institutions", *Tug*. Does the PCAOB consider prospective bailouts in risk-based inspection selection? Does it "inspect" large BHC audits yearly? The PCAOB should explain why Adamant's audit is a greater capital market threat than say Citigroup's.


"Rolling back regulatory constraints on risk-taking without addressing the root cause of moral hazard--bailout expectations--would only exacerbate the problem", *Tug*. Does the PCAOB's refusal to act against the B4 create "moral hazard"? "What's needed is a credible strategy to ensure that decision makers within financial institutions have genuine "skin in the game'," *Tug*. Who at the PCAOB suffered during the 2008-2009 "financial crisis"? Did Goldman

Sachs (GS) get a Fed bailout? Did PriceWaterhouse, GS's auditor, suffer any consequence? The SEC supports "clawback". Why not apply "clawback" to PCAOB personnel?

The term 'fact checking' has two distinct meanings in journalism--one venerable, the other recent and corrupt. The former refers to a process of self-correction in which an editorial staffer retraces a writer's reportorial steps, inspecting and reinterviewing sources to make sure everything is accurate. ... When you hear the term today, though, it usually refers to something completely different--what the Washington Post's Glenn Kessler calls 'political fact-checking'. ... Political fact-checkers ... delve into more complicated questions of interpretation and opinion. ... A political fact-checker is a **journalist pretending to be a judge--a counterfeit authority**, my emphasis, *Checkers*.

Counterfeit authority? Are SEC ALJs and PCAOB HOs too? "So the fact-checkers became rent-seekers, paid functionaries of a corporate censorship regime that came to operate in concert with the government", *Checkers*. Really. Sound familiar?

"As an economist, I approach the subject differently--appreciating the raw emotions and scarring first-hand experiences of my relatives, while applying the clarifying power of economic analysis", *Integration*. Does the PCAOB do this? "One of the brilliant aspects of Mr. Johnson's research design is its ability to disentangle whether desegregation itself (increased exposure to white students) or access to more school resources (greater spending, better teachers) is more responsible for the positive effects of desegregation orders. The answer, **based on Mr. Johnson's evidence**, points toward the latter", my emphasis, *Integration*. RF reminds me of Douglas Ginsburg, my July 27, 2023 submission, 32. No wonder: RF was a Gary Becker (1930-2014) post-doc. Did Harvard's Economics Department know that when he joined it?


George Weinbaum

SEC-BRIEF-07

CERTIFICATE OF SERVICE

I, George Weinbaum certify that today, March 31, 2025, I mailed you three copies of my March 31, 2025 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, cappolij@pcaob.org, delatorrel@pcaob.org and 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 25 pages of 7,549.

A black rectangular redaction box covering the signature of George Weinbaum.

George Weinbaum

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