

ADMINISTRATIVE PROCEEDING
File No. 3-17709

KPMG Settles Charges Related to its Failure to Retain Audit Workpapers

December 6, 2016 – The Securities and Exchange Commission today charged public accounting firm KPMG LLP with violating rules that require auditors to retain, among other things, workpapers related to audits of public clients.

According to the SEC's order instituting proceedings, during the SEC's investigation into possible misstatements in the SEC filings of KPMG audit client The St. Joe Company, the SEC's staff subpoenaed all of KPMG's workpapers generated during its audits of St. Joe over several years. After the staff concluded that certain workpapers related to KPMG's 2008 audit of St. Joe were not produced, KPMG searched for these workpapers, but ultimately concluded that they had been lost. In October 2015, St. Joe and four of its former top executives [agreed to settle SEC charges](#) related to St. Joe's material overstatement of earnings and assets in 2009 and 2010.

The SEC's order finds that KPMG violated Rule 2-06 of Regulation S-X, which, among other things, requires an accountant to retain audit workpapers for seven years after an audit's conclusion. Without admitting or denying the SEC's findings, KPMG agreed to a cease-and-desist order and pay a \$230,000 penalty.

See also: [Order](#)