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## SEC Charges PwC LLP with Violating Auditor Independence Rules

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On September 23, 2019, PricewaterhouseCoopers LLP (PwC), along with one of its partners, Brandon Sprankle, was charged by the Securities and Exchange Commission (SEC) with violating the auditor independence provisions of the federal securities laws. Both PwC and Mr. Sprankle agreed to settle the charges with the SEC for over \$7.9 million.

The SEC found that PwC exercised improper professional conduct by performing prohibited non-audit services during audit engagements for 15 SEC-registered issuers. According to the SEC's press release announcing the settlement, such prohibited non-audit services included exercising decision-making authority in the design and implementation of software relating to an audit client's financial reporting, and engaging in management functions without informing issuers' audit committees, contrary to auditor independence rules. The SEC found that these violations occurred due to a breakdown of PwC's quality controls related to independence.

PwC agreed to pay disgorgement of \$3,830,213, plus prejudgment interest of \$613,842 and a civil money penalty of \$3.5 million. Mr. Sprankle agreed to pay a civil money penalty of \$25,000 and was suspended from practicing before the SEC, with a right to reapply for reinstatement after four years. In addition to the monetary penalties, PwC agreed to review its current quality control related to independence to comply with all auditor independence rules.

The SEC press release is available [here](#)