

SEC Investigates PCAOB Chairman and Removes Entire Board

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On June 4, 2021, the Securities and Exchange Commission (SEC) removed Chairman William Duhnke of the Public Company Accounting Oversight Board (PCAOB), the auditor watchdog. The removal followed months of criticism from investors alleging their feedback was not being incorporated adequately by the PCAOB and a written letter from U.S. Senators Elizabeth Warren and Bernie Sanders last month requesting the immediate removal and replacement of the PCAOB's board members. The newly appointed acting chair, Duane DesParte, has served as a board member for the PCAOB since April 2018.

Two weeks after the removal of Mr. Duhnke, the SEC began an investigation into whether the removed chairman had violated any rules while handling internal complaints at the PCAOB. According to one whistleblower complaint, there were complaints that Mr. Duhnke created "a sense of fear." Mr. Duhnke claims that "every single allegation of wrongdoing that has been made against me is false." Moreover, the SEC is investigating the operations of the PCAOB, including its whistleblower policies and employee relations. Following Mr. Duhnke's departure, the entire PCAOB board was removed.

Gary Gensler, the current chairman of the SEC, commented that the PCAOB now "has an opportunity to live up to Congress's vision in the Sarbanes-Oxley Act" and is looking forward to "better protect investors by ensuring that public company audits are informative, accurate, and independent." Capital Markets & Securities Law Watch will continue to monitor developments at the PCAOB and will provide updates to our readers as they become available.

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