



3 April 2024

Public Company Accounting Oversight Board  
1666 K Street, NW  
Washington, DC 20006-2803

**BY EMAIL ONLY:** [comments@pcaobus.org](mailto:comments@pcaobus.org)

**Proposing Release:** Amendments to PCAOB Auditing Standards related to a Company's Noncompliance with Laws and Regulations and Other Related Amendments; PCAOB Rulemaking Docket Matter No. 051 (the "**Proposal**")

Dear Members of the Board,

In addition to my comments on the Proposal dated 21 December 2023<sup>1</sup>, after having observed the 6 March 2024 Roundtable Discussion and reviewed a number of the subsequent comment letters, I would like to provide the Board with the following concluding assessment:

The auditing industry seems to want to preserve the current 'void' of responsibility-allocation as between **(1) legal counsel on the one hand**; who may assert it does not understand or take any responsibility for consequences (direct and/or indirect) of financial statements<sup>2</sup>, but only the interpretation of relevant laws and regulations, information which in itself is strictly protected by attorney-client privilege and therefore is and shall remain inaccessible for auditors to review, and **(2) auditors on the other hand**; who may assert it does not understand or take any responsibility for relevant laws and regulations, but only the (direct - but not indirect) consequences of financial statements<sup>3</sup>; in effect continue to discharge auditors from any and all accountability for non-compliance with laws and regulations<sup>4</sup>, for example in relation to determining valuations (terms) pertaining to large M&A-transactions in the "*public company market*".

Given the level of co-ordination and consistently expressed resistance against the Proposal by the auditing industry, this in itself is in my view a strong indicator (red-flag) that it is

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<sup>1</sup> [https://assets.pcaobus.org/pcaob-dev/docs/default-source/rulemaking/docket-051/140\\_rj.pdf?sfvrsn=1e1dac56\\_4](https://assets.pcaobus.org/pcaob-dev/docs/default-source/rulemaking/docket-051/140_rj.pdf?sfvrsn=1e1dac56_4)

<sup>2</sup> Resulting in engineered valuations (terms), which are being enforced upon vulnerable investors.

<sup>3</sup> Relying on knowingly false "*representation letters*" supplied by management, as opposed to inspecting actual financial information which is readily available within "*audit files*", whilst ignoring critically important "*valuation difficulties*".

<sup>4</sup> Themselves well protected by hidden indemnifications against any and all potential claims from the victims (i.e. vulnerable/defrauded investors) provided by the issuer, whose significant shareholders stand to gain the most from such inaccurate (false) verifications/approvals.

absolutely necessary to implement the Proposal, with a view to prevent non-compliance with laws and regulations going forward, as the only way to “*foster compliance*” is to make sure that issuers<sup>5</sup> will recognise that auditors under the Proposal will not only be unable to participate in such clandestine schemes (aiming to defraud) any longer, but will instead actively expose any such wrongdoing to the audit committee and/or the board of directors, who will be in a strong position to put a stop to the manipulation in question, before it is being implemented (i.e. before causing harm); truly protecting vulnerable investors against engineered terms, who have no other option than to rely on auditor’s integrity and professionalism (in the true sense of the words).

Sincerely yours,



Richard Jansson  
Whistleblower  
c/o Legal Counsel Hugh Hitchcock  
Acuity Law  
21 Ganton Street  
London W1F 9BN  
England

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<sup>5</sup> i.e. all persons who are in possession of all facts relating to a company's disclosure and therefore responsible for its accuracy and adequacy.