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What To Expect From The SEC's New SOX Group

By **Mike Plotnick, Aaron Lipson and Clarissa Moliterno** (April 24, 2026, 4:06 PM EDT)

Recent reporting and official job postings indicate that the U.S. Securities and Exchange Commission is forming a new group within its Division of Enforcement — dubbed the "SOX Group" — to investigate and litigate potential violations of auditing standards, the Sarbanes-Oxley Act and other federal securities laws by audit firms and their professionals.[1] The group will report to the chief accountant for the Division of Enforcement.[2]


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With the SEC hiring supervisory and trial positions, we expect the group to grow to include more attorneys and accountants than the SEC currently dedicates to auditor enforcement. This article discusses the potential ramifications, including (1) whether auditors can expect increased SEC scrutiny; (2) what it will mean for Public Company Accounting Oversight Board enforcement; and (3) the implications of SEC-led auditor enforcement.


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Increased SEC Auditor Enforcement?

The new SOX Group will likely increase SEC investigations into auditor misconduct. Although the SEC has historically had authority to bring actions against auditors, its recent enforcement activity has lagged far behind the PCAOB.

Since 2021, the SEC has brought 50 stand-alone enforcement actions against auditors, while the PCAOB has brought nearly four times as many.[3] Many of the SEC's recent actions have focused on egregious conduct, such as complicity in corporate wrongdoing or a near-total abdication of professional responsibility, rather than technical standards violations.[4]


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Once fully staffed, the SOX Group's focused mandate should lead to increased investigations, and we expect it will take the lead in matters where the SEC historically deferred to the PCAOB.

Under current SEC leadership, however, the new group is unlikely to significantly expand the types of matters the SEC pursues. Chairman Paul Atkins has emphasized a back-to-basics approach, focusing on fraud and so-called bad actors rather than technical violations.[5]

This contrasts with the former PCAOB leadership's mandate to use "every tool in [its] enforcement toolbox,"[6] which led to numerous matters involving technical reporting violations unrelated to audit deficiencies.

Accordingly, despite increased scrutiny, the SOX Group will likely focus on the worst actors in the profession rather than the largest, most sophisticated firms, and is unlikely to pursue the sweeps and technical cases that characterized recent PCAOB enforcement. Should SEC leadership priorities change under future administrations, however, the SOX Group's infrastructure could enable a significant ramp-up in auditor investigations.[7]

It remains unclear how the SEC will adjudicate cases against auditors. Following the U.S. Supreme Court's 2024 **decision** in SEC v. Jarkesy, the SEC stopped using in-house administrative proceedings for litigated Rule 102(e) matters and dropped numerous pending cases.

On Nov. 21, 2025, however, the SEC announced a settled Rule 102(e) proceeding against John Michaels, an individual auditor, imposing an industry bar and no penalties.[8] Additionally, on March 6 this year, the SEC **announced** a settled Rule 102(e) proceeding against auditing firm EisnerAmper LLP imposing compliance with remedial undertakings and a censure, while noting that no civil penalty was imposed based on the firm's remediation efforts.[9]

Although the U.S. District Court for the District of Columbia on Jan. 8 **upheld** the SEC's ability to obtain industry bars against professionals in administrative proceedings in Sztrom v. SEC, it is unclear whether the commission will continue to attempt to use administrative proceedings to adjudicate allegations raised by the new SOX Group.[10]

As the new job postings include both investigation and litigation-related positions, we expect the result will be a mix of administrative proceedings seeking remedies that do not run afoul of Jarkesy, combined with federal district court actions alleging that auditors violated or aided and abetted violations of the federal securities laws.[11]

What Happens to PCAOB Enforcement?

The new SOX Group's impact on PCAOB enforcement remains unclear, but we expect it will supplant a substantial portion of the PCAOB's enforcement program.

PCAOB enforcement has already **declined steeply** since former Chair Erica Williams' **departure** in July 2025, with no public enforcement matters since new Chair Demetrios Logothetis was **sworn in**. Additionally, with the December departure of the PCAOB's former director of the Division of Enforcement and Investigations, Robert Rice, the move of other PCAOB enforcement employees to board staff positions, and other staff departures, the division's enforcement staff has shrunk considerably during the past year.

It is also unclear whether the PCAOB can currently adjudicate enforcement matters, as the constitutionality of its enforcement program, including its use of in-house proceedings, is being challenged in the D.C. district court in Doe v. PCAOB.[12] In fact, the board does not appear to have an in-house hearing officer, as its website no longer lists a chief hearing officer on its senior staff page.

Despite these challenges, PCAOB enforcement is unlikely to stop entirely. The Sarbanes-Oxley Act requires the PCAOB to conduct investigations and impose disciplinary proceedings,[13] and the 2026 budget continues to support enforcement. Recent comments from the SEC's chief accountant at the annual SEC Speaks conference and the **revised** SEC Enforcement Manual suggest the SEC still sees a role for PCAOB enforcement.[14]

The PCAOB also has advantages in investigating foreign auditors through cooperative agreements with foreign regulators, including **successfully investigating** China-based auditors, while the SEC lacks comparable access.[15] The PCAOB may also have advantages in enforcing cooperation with its inspections program under PCAOB Rule 4006.[16][17]

Thus, although the SOX Group will likely displace significant PCAOB enforcement activity, we expect the PCAOB will maintain enforcement focused on foreign auditors and compliance with its inspections program, providing a nonduplicative complement to the SEC's new group.

Implications for Auditors

The shift from PCAOB-led to SEC-led enforcement will have significant consequences for auditors. Some changes may be positive: the SEC's expected focus on clear-cut, egregious violations rather than technical matters, and a likely reduction in overall resources dedicated to investigating auditor misconduct compared to a fully staffed PCAOB Enforcement Division.

However, SEC investigations are not subject to the confidentiality provisions of Section 105 of the Sarbanes-Oxley Act, under which PCAOB investigations, inspections and related documents, including testimony transcripts, "shall be confidential and privileged as an evidentiary matter" and exempt from civil discovery and Freedom of Information Act disclosure.[18] Civil litigants may therefore obtain documents from SEC investigations, and witness testimony will be discoverable.

More enforcement matters will also become public, as SEC cases are adjudicated in federal court or through public administrative proceedings, unlike nonpublic PCAOB disciplinary proceedings under SOX Section 105(c).

Additionally, auditors will lose one level of appeal. Currently, auditors can contest PCAOB allegations through a hearing, appeal to the board and then appeal to the SEC. SEC-initiated cases will cut at least a year off the process and provide one fewer opportunity to prevail on the merits.

Finally, the dedicated SOX Group will likely lead to more investigations of public issuers' accounting. The group's mandate references "provisions of the Sarbanes-Oxley Act and other relevant federal securities laws," according to one of the job postings, and auditor-focused investigations could easily expand to issuers.

Because the SEC has direct subpoena power, the SOX Group can compel documents and testimony from both auditors and issuers, unlike the PCAOB, which has never promulgated rules to exercise its statutory authority to seek SEC subpoenas for issuer documentation.

Key Takeaways

We expect the new SOX Group to increase SEC enforcement focus on auditors and public issuers, with current leadership targeting principally the worst actors rather than large, sophisticated firms or technical cases. Under future leadership with different priorities, however, the SOX Group could substantially escalate enforcement.

Although the group is expected to assume much of the PCAOB's enforcement duties, the board will likely continue investigating foreign firms and noncompliance with its inspections program.

For auditors, a shift to SEC enforcement brings potential benefits — including a more limited focus on egregious conduct — but also risks, including the loss of confidentiality afforded to PCAOB investigations, public disclosure of proceedings and fewer opportunities to appeal adverse findings.

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[1] Reuters, US SEC forming new team to police accounting issues (Mar. 19, 2026), available at https://www.reuters.com/legal/government/us-sec-forming-new-team-police-accounting-issues-2026-03-19/; the job postings were available at https://www.usajobs.gov/job/861178200 and https://www.usajobs.gov/job/861204200.

[2] Absent public comment by the SEC on the SOX group, future job postings may provide significant information with respect to whether the SOX group will "staff up" with new outside hires, bring over current PCAOB enforcement employees, or reallocate the responsibilities of existing SEC staff. We note that the positions' Minimum Qualification Requirements include "conducting investigations or litigation and making recommendations for action," which suggest the SEC is seeking to hire current and former SEC or PCAOB employees to fill the roles.

[3] Brattle Group, 2025 Enforcement Activity Involving Auditors. SEC & PCAOB Enforcement Actions brought Against Public Accounting Firms & Associated Individuals, Feb. 2026, available at https://www.brattle.com/wp-content/uploads/2026/02/2025-Enforcement-Activity-Involving-Auditors.pdf.

[4] See, e.g., SEC v. Olayinka Temitope Oyebola and Olayinka Oyebola & Co. (Chartered Accountants), No. 24-cv-7376 (S.D.N.Y. Sept. 30, 2024) (alleging that a Nigerian accountant and his PCAOB-registered firm aided and abetted a multi-year securities fraud scheme perpetrated by Mmobuosi Odogwu Banye and three related U.S. companies that Mmobuosi controlled); see also SEC v. Prager Metis CPAs, LLC, and PragerMetis CPAs LLP, No. 1:23-cv-23723 (S.D. Fla. Sep. 29, 2023) (alleging that defendants, a registered public accounting firm and its California professional services affiliate, violated auditor independence rules under Rule 2-01(b) of Regulation S-X and aided and abetted their clients' violations of federal securities laws).

[5] Reuters, US SEC forming new team to police accounting issues, Mar. 19, 2026, available at https://www.reuters.com/legal/government/us-sec-forming-new-team-police-accounting-issues-

2026-03-19/.

[6] See PCAOB Chair Williams Remarks on 20th Anniversary of Sarbanes-Oxley Act and Establishment of the PCAOB, July 28, 2022, available at https://pcaobus.org/news-events/speeches/speech-detail/pcaob-chair-williams-remarks-on-20th-anniversary-of-sarbanes-oxley-act-and-establishment-of-the-pcaob.

[7] Cf. In the Matter of BF Borgers CPA PC, Release No. 11283 (May 3, 2024) (charging BF Borgers CPA and its owner with violating the antifraud provisions and engaging in improper professional conduct by deliberately and systematically failing to conduct audits and reviews of public company and SEC-registered broker-dealer clients' financial statements in accordance with PCAOB standards, including by falsifying audit workpapers, failing to obtain required engagement quality reviews for at least 1,625 public filings, and issuing audit reports falsely certifying compliance with PCAOB standards. The respondents agreed to settle the matter on a neither admit nor deny basis, and agreed to pay civil penalties and be permanently barred from appearing or practicing before the SEC as accountants).

[8] In the Matter of John Michaels, CPA, Release No. 104241 (Nov. 21, 2025) (ordering, pursuant to a settled administrative proceeding, that respondent John Michaels, a solo-practitioner CPA, cease and desist from violating Rule 2-02 of Regulation S-X and Section 30(g) of the Investment Company Act and barring him from appearing or practicing before the Commission as an accountant, after finding that he lacked auditor independence in one of his audits, and that he further failed to comply with PCAOB standards by not communicating with the predecessor auditor before accepting the engagement, not adequately documenting his audit work, and not obtaining an engagement quality review).

[9] In the Matter of EisnerAmper LLP, Release No. 104936 (Mar. 6, 2026).

[10] See Sztrom v. SEC, No. 24-cv-3548 (D.D.C. Jan. 8, 2026).

[11] The SEC has frequently filed actions in district court alleging that auditors committed primary or secondary violations of the federal laws. See footnote 4 supra.

[12] See Doe v. PCAOB, No. 1:24-cv-780 (D.D.C.).

[13] See S-Ox § 101(c)(4), (6).

[14] SEC Chief Accountant Kurt Hohl's comments at PLI's annual "SEC Speaks" conference referenced addressing the length of time it took for PCAOB enforcement actions, but did not suggest the end of PCAOB enforcement. See also SEC Enforcement Manual, Feb. 24, 2026, §§ 5.6.3 "Referrals to the Public Company Accounting Oversight Board" & 2.1.2.2 "Referrals from the Public Company Accounting Oversight Board."

[15] The SEC Cooperative Agreements with Foreign Regulators are available at https://www.sec.gov/about/divisions-offices/office-international-affairs/cooperative-arrangements-foreign-regulators; the list of PCAOB Cooperative Arrangements with Non-U.S. Regulators is available at https://pcaobus.org/oversight/international/regulatorycooperation.

[16] Many PCAOB enforcement matters have involved violations of Rule 4006 for failing to cooperate with a PCAOB inspection, while the SEC has rarely brought such cases. See, e.g., In the Matter of Raines & Fischer LLP, Release No. 105-2024-049 (Dec. 3, 2024); see also In the Matter of Natalie Murphy, CPA, Release No. 105-2025-006 (Feb. 25, 2025).

[17] Although the SEC has general authority to enforce violations of PCAOB rules and standards as Exchange Act violations, see 15 U.S.C. § 7202(b)(1), Section 21(f) of the Exchange Act, 15 U.S.C. § 78u(f), limits the SEC's ability to directly enforce PCAOB rules unless doing so is "necessary or appropriate in the public interest or for the protection of investors." As a result, auditors and their counsel may argue that the SEC has not made such a showing and lacks a basis for bringing an enforcement action to directly enforce PCAOB rules.

[18] See S-Ox § 105(b)(5)(A).