

## **Accounting Fraud 2.0: Increased Enforcement Activity Based on Non-GAAP Metrics**

Accounting fraud has long been a staple of the enforcement program at the U.S. Securities and Exchange Commission (SEC) and the U.S. Department of Justice (DOJ), as corporate officers and employees continue to engage in efforts to improperly enhance financial results. Based on the widespread use of "non-GAAP" financial metrics by public companies and recent SEC and DOJ emphasis on such measures, we believe that non-GAAP metrics will feature prominently in the government enforcement priorities that are likely to follow the significant market correction caused by COVID-19.

In this article published by NYU Compliance & Enforcement blog, Arthur Greenspan, David Massey and James Q. Walker analyze *United States v. Carroll*, pending in the U.S. District Court for the Southern District of New York. This piece also discusses how companies and their senior executives risk SEC and criminal fraud charges based on misuse of non-GAAP metrics, and audit committee members risk scrutiny for failure to maintain adequate internal controls concerning non-GAAP metrics.

[Click here to read the full article published on the \*NYU Compliance & Enforcement Blog\*.](#)

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