

Deloitte's 'wilful failure' to fulfil its legal obligat...

Published: January 14, 2026, 4:06 am

[Reuters report this morning:](#)

U.S. securities regulators on Wednesday charged Shanghai-based Deloitte Touche Tohmatsu CPA Ltd for refusing to provide audit work papers related to a Chinese company that is under investigation for accounting fraud.

The administrative proceedings against the Deloitte affiliate by the Securities and Exchange Commission marks the latest effort by the agency to crack down on accounting problems that have come to light at numerous Chinese companies listed in the United States.

It is also the second time since last year the SEC has taken enforcement action against the firm for refusing to turn over documents in connection with a Chinese company under investigation.

In this latest action, the SEC alleges that Deloitte & Touche Shanghai violated a provision in the 2002 Sarbanes-Oxley Act which requires foreign public accounting firms to provide their work papers concerning companies that trade in the United States to the SEC upon request.

"Without access to work papers of foreign public accounting firms, our investigators are unable to test the quality of the underlying audits and fulfill our responsibilities to investors," said Scott Friestad, an associate director in the SEC's enforcement division.

Lauren Mistretta, a Deloitte spokeswoman, said that Chinese law prohibits the firm from handing over documents to a foreign regulator without approval from the government.

She said that the Chinese Securities Regulatory Authority asked Deloitte for the documents in 2010 at the request of the SEC, and the firm handed them over to Chinese regulators "with the hope that the CSRC and the SEC would be able to reach an agreement."

"Unfortunately, that has not happened," she said.

She said the SEC later requested the documents from the firm directly in 2011.

Or as the Telegraph reported:

The SEC cited Deloitte for a "wilful failure, in response to a Commission request, to provide audit work papers despite its legal obligations."

No doubt Deloitte will suffer no professional consequence despite its alleged wilful failure. [Such is the way things are.](#)