



Claudius B. Modesti

Partner

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Areas of Focus

- White Collar Defense & Government Investigations
- Disputes & Investigations
- Securities Enforcement & Litigation
- Professional Liability
- Technology
- Digital Assets, Cryptocurrency & Blockchain
- Cannabis Compliance & Policy
- Inspector General Investigations

Biography

- Served as a Securities and Exchange Commission (SEC) enforcement attorney, federal prosecutor and the first director of the Division of Enforcement for the Public Company Accounting Oversight Board (PCAOB).
- Conducts internal investigations on behalf of senior management, audit committees and boards of directors.

- Regularly advises clients on SEC financial reporting, disclosure, compliance, and corporate governance requirements.

Offers extensive enforcement experience across a broad range of capital market regulatory and corporate governance matters, including representing corporations, accounting and other professional firms, investment firms and other financial institutions in front of the Department of Justice (DOJ), SEC, PCAOB and other regulatory bodies.

Claudius is ranked by *Chambers USA*, where clients describe him as “a talented and commercially astute lawyer” who is “extremely experienced with complex matters” and who “thinks strategically and is very knowledgeable.”

As an SEC enforcement attorney and a federal prosecutor for over a decade, Claudius investigated and prosecuted insider trading, offering fraud, accounting fraud, government contract fraud and bribery matters. Claudius then became the PCAOB's first enforcement director, leading the team that built the enforcement group from its inception. He oversaw the development of the PCAOB's policies and procedures for identifying matters for investigation, and he led investigations of U.S.-and foreign-based accounting firms, with many of them also requiring coordinating parallel investigations with the SEC. Claudius' role also included overseeing the PCAOB's litigation process. He also played a key role in the PCAOB's collaboration with its foreign audit regulator counterparts.

Claudius managed a team of more than 60 lawyers, accountants and other professional staff with enforcement jurisdiction over 1,900 registered accounting firms. Annually, he oversaw more than 100 investigations spanning a broad range of audit matters, including:

- Accounting fraud
- Revenue recognition
- Asset impairment

- Illegal acts
- Disclosure violations
- Noncooperation.

Prior to a 14-year tenure at the PCAOB, Claudius served with the Fraud Section of the DOJ's Criminal Division as a trial attorney, the SEC as an enforcement attorney and the U.S. Attorney's Office for the Eastern District of Virginia (EDVA) as a federal prosecutor in the Financial Crimes and Public Corruption Unit.

Representative Work

- Represented a corporate manager in an SEC investigation of alleged accounting irregularities by a public company.
- Advised investment firms regarding a DOJ/SEC investigation of one of their portfolio companies.
- Advised an investment advisory firm regarding its regulatory and compliance obligations under an SEC order.
- Advised an accounting firm regarding its independence obligations under SEC and PCAOB rules.
- Oversaw PCAOB investigations and litigation against auditors under the Sarbanes-Oxley Act and the Dodd-Frank Act for violations of federal securities laws, including PCAOB audit standards and rules.
- Achieved favorable settlements for the PCAOB involving a broad range of audit violations, including quality control failures, audit failures, independence violations, obstruction of PCAOB oversight and other noncooperation.
- Supervised investigations and enforcement actions against the Big Four accounting firms, their affiliates and other accounting firms in jurisdictions including India, Brazil, Mexico, Turkey and Indonesia.
- Established strong, collaborative working relationships with key agencies and departments, including the DOJ, the SEC, the Financial Industry Regulatory Authority

(FINRA), U.S. federal bank regulators and state accountancy boards.

- Negotiated a Memorandum of Understanding among the PCAOB, China's Ministry of Finance and the Chinese Securities Regulatory Commission for enforcement cooperation.
- Created and developed all key elements of the PCAOB's program, including items related to data analysis; criteria for referrals; the imposition of sanctions; processes for assessment of, and recommendations for, formal investigations; and credit for extraordinary cooperation. Also oversaw technology platforms for investigations, the selection of audit experts and annual training for all professional staff.
- Served as Chair and Vice Chair of the Enforcement Working Group of the International Forum of Independent Audit Regulators (IFIAR).
- Investigated numerous securities law violations at the SEC, including insider trading, investment advisor breaches, accounting fraud, auditor liability and Ponzi schemes.
- Led investigations of white-collar crimes and other high-profile fraud matters at the DOJ, including a two-month securities and bank fraud trial in California of the former chief financial officer of a Silicon Valley media product company.

“Claudius thinks strategically and is very knowledgeable. He is extremely experienced with complex matters.”

Chambers USA, 2024

Education

- J.D., Georgetown University Law Center, *magna cum laude*, 1991
- B.S., Georgetown University, 1986

Clerkships

- U.S.D.C., District of Maryland

Bar Admissions

- District of Columbia
- New Jersey
- New York

Recognitions

- *Chambers USA*, Litigation: White-Collar Crime & Government Investigations, 2024.
- *The Legal 500 US*, Corporate investigations and white-collar criminal defense, 2019 to 2024.

Affiliations and Public Service

- Co-Chair, ABA Accountants' Liability Subcommittee, Professional Services Liability Litigation Committee.
- Parents' Council, Wake Forest University.
- SEC Historical Society, Board of Advisors.

Speeches and Publications

- “Challenging the Regulators,” ALI CLE Accountants’ Liability Conference, May 2024.
- “Enforcement and Litigation,” Ensuring Integrity: The 18th Annual Audit Conference, November 2023.
- “Financial Disclosure and Accounting Fraud,” Securities Enforcement Forum, October 2023.
- “Trends in Government Enforcement Actions Against Gatekeepers,” PLI Conference – Storming the Gatekeepers: When Compliance Officers and In-House Lawyers Are at Risk, September 2022.
- “Materiality/Restatements, 10A Investigations, and Interfacing With The Regulators,” ALI CLE Accountants’ Liability Conference, June 2022.
- “The Regulatory Environment for Accounting Firms in the President Biden Era,” Lemme Best Practices Forum, September 2021.
- “Litigation and Enforcement Update,” Ensuring Integrity: The 15th Annual Audit Conference, December 2020.
- “Financial Disclosure and Accounting Fraud,” Securities Enforcement Forum 2020, October 2020.
- “Chinese Corporate Listing in the United States - Can we reach common ground?” The Future Of Chinese Capital Markets: Extraordinary Opportunities Amid Uncertainty, September 2020.
- “US-China Financial Decoupling and Implications for US Companies,” US-China Business Council, September 2020.
- “Navigating Issues with the Company's Auditor,” Akin Board Leadership Series, April 2020.
- “Current Insights Into PCAOB Inspections and Enforcement Tech Session Teleconference,” Foundation for Accounting Education, February 2020.
- “Litigation and Regulatory Risks,” Ensuring Integrity: The 14th Annual Audit Conference, New York, December 2019.
- “The Impact of CAMs and Lease Accounting: Best Practices for Your Disclosures,” Corporate Financial

Reporting Insights Conference, New York, November 2019.

- U.S.-China Business Council Roundtable, Washington, October 2019.
- 2019 Securities Enforcement Forum, Washington, October 2019.
- "Current Issues Facing the Industry," ALI Accountant's Liability Conference, Washington, October 2019.
- Integro Annual Conference for Audit Firm Legal and Risk Professionals, Chicago, September 2019.
- Duff & Phelps 2019 General Counsel Symposium, University of Chicago, Chicago, May 2019.
- "New Developments at the PCAOB," DC Bar: Broker Dealer Regulation and SEC Enforcement Committee, Washington, May 2019.
- "Deconstructing an Administrative Law Proceeding," ALI Accountants' Liability Conference, Washington, October 2018.
- "Crossing Borders, Digging Deep: DEI's Investor Protection Efforts in 2017," American Institute of CPAs (AICPA), Washington, December 2017.
- "Protecting Investors Through Enforcement," AICPA, Washington, December 2016.
- "Modification to Settlement Recommendations for Disciplinary Proceedings," ALI, Washington, October 2015.
- "Enforcement Update," AICPA, Washington, December 2014.