



# News

***For Immediate Release***

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## **KPMG LLP STATEMENT REGARDING SETTLEMENT IN DEPARTMENT OF JUSTICE INVESTIGATION**

**NEW YORK**, Aug 29 — KPMG LLP made the following statement today in regard to a resolution reached by the U.S. firm with the Department of Justice in its investigation into tax shelters developed and sold from 1996 to 2002 and related conduct:

KPMG has reached an agreement with the U.S. Attorney's Office for the Southern District of New York and the Internal Revenue Service, resolving investigations regarding the U.S. firm's previous tax shelter activities.

"KPMG LLP is pleased to have reached a resolution with the Department of Justice. We regret the past tax practices that were the subject of the investigation. KPMG is a better and stronger firm today, having learned much from this experience," said KPMG LLP Chairman and CEO Timothy P. Flynn. "The resolution of this matter allows KPMG to confidently face the future as we provide high quality audit, tax and advisory services to our large multinational, middle market and government clients."

As part of the agreement, KPMG has agreed to make three monetary payments, over time, totaling \$456 million to the U.S. government. KPMG will also implement elevated standards for its tax business.

Under the terms of the settlement, a deferred prosecution agreement, the charges will be dismissed on December 31, 2006, when the firm complies with the terms of the agreement. Richard C. Breeden has been selected to independently monitor compliance with the agreement for a three-year period.

All of the individuals indicted today are no longer with the firm. KPMG has put in place a process to ensure that individuals responsible for the wrongdoing related to past tax shelter activities are separated from the firm.

"As KPMG's new leaders, Tim Flynn and I are extremely proud of the 1,600 partners and 18,000 employees of today's KPMG," said John Veihmeyer, KPMG Deputy Chairman and COO. "Looking toward the future, our people, our clients and the capital markets can be confident that KPMG, as its first priority, will deliver on our commitment to the highest levels of professionalism."

With regard to claims by individual taxpayers, KPMG looks forward to resolving the civil litigation expeditiously and with full and fair accountability.

The resolution of the Department of Justice's investigation into the U.S. firm's past tax shelter activities has no effect on KPMG International member firms outside the United States.