# Arizona accounting firm sues BDO after expulsion over Trump Media audit



A small Arizona-based accounting firm, Semple, Marchal & Cooper (SM&C), has filed a lawsuit claiming it was expelled from a national accountancy alliance after taking on Donald Trump's media company, Trump Media & Technology Group (TMTG), as a client. The lawsuit, reported by the Financial Times, outlines tensions between SM&C and the BDO alliance, a network of over 300 US accounting firms, which provides support and resources to smaller firms.

SM&C became the auditor for TMTG in May 2024, following the shutdown of TMTG’s previous auditor, BF Borgers, a Colorado firm closed by the Securities and Exchange Commission (SEC) for conducting minimal verification work, described by the SEC as a "massive fraud." Prior to BF Borgers, another firm, Withum, had resigned as TMTG's auditor after less than a year, reportedly due to unwillingness to be associated with a Trump-related venture, according to the Financial Times.

BDO, ranked as the sixth-largest US accounting firm by revenue, had provided software and training to SM&C under the terms of its alliance since 1994. However, the relationship deteriorated rapidly after SM&C took on TMTG as a client. The lawsuit alleges that BDO threatened to terminate SM&C's membership unless it dropped TMTG. This termination formally took effect on 30 June 2024.

The claim also includes an allegation that a BDO executive, Michael Horwitz, openly expressed hostility towards TMTG’s principal shareholder, reportedly stating, "Because he [the principal shareholder] is a criminal!" when questioned about BDO's opposition to SM&C's involvement with TMTG.

At the time SM&C assumed the audit, Donald Trump was undergoing trial in New York for falsifying business records linked to hush money payments to Stormy Daniels. Trump was later convicted. His primary business, the Trump Organization, also faced a separate civil fraud conviction.

TMTG, which operates the social media platform Truth Social, is publicly listed on Nasdaq with a market capitalisation exceeding $5 billion. The company's auditing history has been marked by instability, with multiple auditors resigning or being removed in a short timeframe.

SM&C is a considerably small firm compared to TMTG, with only 32 staff members, including 20 accountants, and has audited just a few public companies prior to this engagement.

BDO stated that while its alliance members operate independently, it reserved the right to sever relationships when issues of quality or experience arise, especially in cases involving significant and complex assignments. The alliance described SM&C’s lawsuit as "frivolous and lack[ing] any foundation in the reality of why BDO Alliance USA chose to exercise its right to sever its relationship."

Robert Semple, founder of SM&C, declined to comment extensively on the complaint, calling it "self-explanatory" but described BDO's public remarks as "untrue and defamatory," promising further legal action in an amended complaint.

The lawsuit contends that BDO acted in bad faith, demanding that SM&C compromise its independence by allowing political biases to influence its auditing work. It claims the termination from the BDO alliance forced SM&C to overhaul its materials, retrain staff, and endure significant financial costs, while wrongly suggesting misconduct on the firm's part.

TMTG did not respond to requests for comment regarding the dispute.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.ft.com/content/9b26a1c8-b953-43b6-8885-6133b31f6a6a> - This article reports that Semple, Marchal & Cooper (SM&C) filed a lawsuit against BDO Alliance USA, alleging expulsion after taking on Trump Media & Technology Group (TMTG) as a client.
2. <https://apnews.com/article/trump-media-fires-bf-borgers-sec-fa5f35eef6e7f6dc48d03587ce76e7de> - This article details how TMTG dismissed its previous auditor, BF Borgers, after the SEC charged the firm with 'massive fraud' and subsequently hired SM&C as its new auditor.
3. <https://www.ft.com/content/9b26a1c8-b953-43b6-8885-6133b31f6a6a> - This article mentions that BDO, the sixth-largest US accounting firm by revenue, had provided software and training to SM&C under the terms of its alliance since 1994.
4. <https://apnews.com/article/trump-media-fires-bf-borgers-sec-fa5f35eef6e7f6dc48d03587ce76e7de> - This article reports that BF Borgers was dismissed by TMTG after the SEC charged the firm with 'massive fraud' and that SM&C was engaged as the new auditor.
5. <https://www.ft.com/content/9b26a1c8-b953-43b6-8885-6133b31f6a6a> - This article includes an allegation that a BDO executive, Michael Horwitz, openly expressed hostility towards TMTG’s principal shareholder, reportedly stating, 'Because he [the principal shareholder] is a criminal!'
6. <https://apnews.com/article/trump-media-fires-bf-borgers-sec-fa5f35eef6e7f6dc48d03587ce76e7de> - This article reports that BF Borgers was dismissed by TMTG after the SEC charged the firm with 'massive fraud' and that SM&C was engaged as the new auditor.
7. <https://www.ft.com/content/9b26a1c8-b953-43b6-8885-6133b31f6a6a> - Please view link - unable to able to access data