

Dear Public Company Accounting Oversight Board:

I just read your Press Release announcing that on Tuesday you will be considering issuing for public comment standards that would bring greater transparency to the audit by disclosing the name of the engagement partner.

As an investor who has invested considerable amounts of money in China, and in the process helped to identify Chinese frauds traded on US exchanges, I support your initiative. However, I believe that engagement partners should not only be identified, but should also be required to sign the audit reports.

I believe that identification of the audit engagement partner - particularly with his or her signature - will decrease investors' future losses to fraud and gimmicky accounting by billions of dollars.

Even the most reputable auditors in China seem to be in a race to the bottom. We believe that there are particularly egregious situations in which some Big Four partners in China offices have actually conspired with their clients to defraud investors. Further, it is a reasonable proposition that the conflict of interest inherent in the Chinese auditors' business model also affects the quality of US company audits.

What we're seeing across many industries - including audit - is that institutional sanctions are far less effective than ones applied to individuals. Engagement partners will undoubtedly be more sensitive about risking their personal credibility than they are to risking the credibility of their employers. The more public an engagement partner's ownership of an audit is, the more he or she is incentivized to be diligent. It is my belief, which is hopefully not over optimistic, that by putting engagement partners' credibility on the line, we will provide them with the leverage to push back against institutional pressures to bill, and thereby ultimately put an end to this race to the bottom.

I look forward to following your initiative closely and applaud your efforts to provide greater transparency to investors.

Sincerely,

Carson Block

Chairman and CEO, Muddy Waters Research