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January 23, 2012

Mr. J. Gordon Seymour
Secretary

Public Company Accounting Oversight Board
1666 K Street, N.W.
Washington, D.C. 20006-2803

Docket 029: Improving Transparency through Disclosure of Engagement Partner and Certain Other Participants in Audits

Dear Mr. Seymour:

Board proceedings on Docket 029 raise a question about the objectives and effectiveness of any solution that may result. My concern is with the emphasis placed on protection of audit partners from liability, rather than what audit environment will produce correct financial statements.

The specific questions in the Docket refer to Section 11 of the Securities and Exchange Act of 1933, Section 10(b) and Rule 10b-5(b) of the Securities and Exchange Act of 1934 and to existing law in various states. Certainly no one, including me, suggests that your amendments to audit standards should violate any laws. However, your proposal seems to seek regulation that avoids the intent of existing law to hold people and firms responsible for their work. In following this path, you give up leverage that helps accomplish your mission.

Your mission is *"...to oversee the audits of public companies in order to protect the interests of investors and further the public interest in the preparation of informative, accurate and independent audit reports..."* Stick to the mission. You should certainly assure your standards do not force auditors to break existing laws. But, if you determine that audits will be significantly more effective if the audit partner and others are personally identified to investors, you should require it to be done. Why would you not? If you think the law and courts are wrong and auditors are too exposed, there is another forum for that to be considered.

I had not intended to respond to this docket. My own experience as an auditor, board member, audit committee chair and meager investor suggests that disclosure of personal names of audit partners or staff is not necessary and ranks far down the list of things that will help solve problems we have had this

past decade in getting correct financial statements. Many express a similar view. However, I see no harm in the proposal and looked forward to the responses of others.

But, I am troubled at the predisposition here toward protecting auditors. During the vast majority of time since the passage of the Securities and Exchange Acts, and the required audits of public company financial statements, permitting those audits to be done by private side auditors, the general partnership organization of auditors assured personal responsibility of every partner for their own work and the work of their partnership. That environment did not restrict growth of the profession or quality of college graduates who eagerly sought highly respected professional careers in the general partnerships.

When the environment changed in the latter part of the 1990's, and audit firms were permitted to be limited liability entities, personal responsibility distorted to consideration of financial exposure, indiscernibly controllable by private LLP's; some auditors, both individuals and firms, began measuring their limited financial risk against significant financial rewards of walking on the edge of correct financial statements and true independence. That new environment is a concern of many and should be for the Board.

We seem to be entering some new era similar to elementary T-ball where we don't want to embarrass anyone with their strike out. Parents and kids love T-ball, just as audit firms and their partners love to have freedom from exposure, as their responses to Docket 029 show. But, this is the Majors.

Please consider these concerns in your deliberation of Docket 029 and in future proposals relating to audit quality and auditor objectivity. I urge you to focus on what makes financial statements right and audits effective, ignoring factors that should be argued in other forums.

I apologize for responding late to this proposed amendment, but I hope you will consider these thoughts. I notice following public response to Docket 037, a number of responses were accepted after the cutoff date, so it occurred to me you may accept this tardy response on Docket 029. If you cannot, I understand. In that case, I would appreciate your circulating this letter as general public correspondence to the members of the Board and appropriate Staff.

Thank you all for your efforts in this difficult search for the "best way to do it."

Sincerely,

Gilbert F. Viets