The Honorable Arthur Levitt, Jr.
Chairman
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Dear Chairman Levitt:

We are writing to express our strong support for the proposals you outlined in your speech at New York University on May 10, 2000 that call for enhanced oversight and stronger conflict of interest protections in the accounting profession.

More Americans are investing in the stock market than any time in our history and we have an obligation to ensure that the financial information used as a basis for their decisions is objective and accurate. The need to modernize the current rules comes from the changing nature of the large accounting firms, which now receive a majority of their revenue from consulting and other management advisory services. Auditors traditionally have had to balance their role as guardians of the public trust with their firm’s commercial interests. Accounting firm affiliations and alliances with audit clients and the pressure to cross-market a range of more profitable non-auditing services to them, however, raises serious concerns about the independence of audits.

We applaud the Public Oversight Board’s (POB) plan to enhance its oversight authority and hope that the American Institute of Certified Public Accountants (AICPA) will reconsider its decision to refuse to cover the cost of new POB reviews. We also support your call for accounting firms to review their past conduct for violations of independence, new rules to update financial investment rules, and new rules to address potential conflicts in the cross-marketing of services.

Your leadership in maintaining auditor independence will safeguard investors and protect the integrity of our markets.

Sincerely,

HENRY A. WAXMAN
Member of Congress

EDWARD J. MARKEY
Member of Congress