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September 11, 2009

To: Office of the Secretary, PCAOB
1666 K Street, N.W., Washington, D.C. 20006-2803
Transmitted by e-mail to: comments@pcaobus.org

Re: PCAOB Rulemaking Docket Matter No. 29

We are pleased to respond in this letter to the "Concept Release on Requiring the Engagement Partner to Sign the Audit Report" that is contained in PCAOB Release No. 2009-005 dated July 28, 2009 (the Release).

Please be advised that we are firmly against any proposal for individual partner signatures that might follow the Release as entirely unnecessary and without any discernible benefit to investors or others. Accordingly, we are expressing our views directly and frankly with all due respect to those responsible for advocating the Board's consideration of such a proposal.

We believe the best way to address our concerns about the Release is to address the reasons given for it in the first few paragraphs of part II of the Release. The suggestions that a requirement for audit engagement partners to sign their own names to audit reports (a) "might increase the engagement partner's sense of accountability to financial statement users, which could lead him or her to exercise greater care in performing the audit" (b) "would increase transparency about who is responsible for performing the audit, which could provide useful information to investors and, in turn, provide an additional incentive to firms to improve the quality of all of their engagement partners," or (c) would cause the partner to "perform a higher quality audit" are virtually imaginary or fictional benefits that must have been proposed to the Board for its consideration only by those who do not understand the professional reality of the environment in which audits are conducted.

First, with rare exceptions, we believe that audit partners in the United States who sign off on audit reports for issuers fully understand the formidable risks and responsibilities undertaken by them in such activities. They function not only in the face of risks of loss of employment and their rights to engage in professional practice, but of severe monetary damages and even possible imprisonment. We believe that the rare individual who is not now sufficiently influenced by such powerful disincentives that are already in place would not likely be moved to alter his or her behavior as consequence of such a requirement as is now under consideration. In other words, in our opinion, it would not be any more than remotely likely that such a requirement for engagement partners to sign their own names to audit reports would afford any significant incremental incentive for them to exercise greater care or to perform higher quality audits, or for their firms to take steps to improve the quality of all of their engagement partners. In fact, we believe such a requirement would add nothing to the probability of a firm's achievement of an audit quality objective that is not already afforded by the applicable quality control, ethical and other professional standards already in place, the regulatory oversight provided by the PCAOB's rigorous inspection program, and the other disincentives mentioned above against anything less than quality audit work.

The weak reasons offered by proponents for such a requirement run directly counter to the statement contained in the Release that is attributed to the 2008 report of the Advisory Committee on the Auditing Profession (which we acknowledge and with which we concur) that "the signature requirement should not impose on any signing partner any duties, obligations or liability that are

greater than the duties, obligations and liability imposed on such person as a member of an auditing firm." Secondly, among the thousands of audit engagement partners now signing their firm's names to audit reports, none of their names are household words. On the contrary, such names are unknown and, therefore, mean nothing to financial statement users. Moreover, even if such names were known to users, it would be impossible for them to be able to assess the relative capabilities thereof even with access to their brief professional biographical summaries. Accordingly, we believe it is not reasonable and without basis to suggest that public disclosure of their names could in any way be "useful to investors." In fact, the only parties for whom such information could be useful are private and regulatory litigants who, as also pointed out in the Release, can obtain such information in discovery proceedings with little or no cost or trouble.

Given the foregoing arguments against the virtually imaginary benefits claimed to be achievable from adopting such a proposal, if it is forthcoming, it would appear to be motivated by an overzealous obsession with convergence for its own sake. We object to the "copycat" behavior that results from an irrational belief that if it is done in the international arena, we should do it here, too. Maybe this requirement is meaningful in Europe, but we believe it would not be so here because of the legal, regulatory and other disincentives in this country that are mentioned above.

Accordingly, our answer to each of the questions 1-5 posed on pp. 8-9 in of part II of the Release would be a firm "no." We fully concur with the comments of the AICPA's Center for Audit Quality that is quoted in footnote 21 on p. 10 of the Release. As to question 6, we believe such a requirement might cause some signing engagement partners to be entirely unwilling to rely on the judgment of others for even the most apparently inconsequential matters, thus causing them to invest an unreasonable excess of time supervising and reviewing the work of subordinates possibly resulting in an inability of certain issuers to file reports timely. In addition, as noted on p. 74 of the transcript* of the October 23, 2008, meeting of the Board's Standing Advisory Group (SAG), one SAG member pointed out the danger of presented in the form of a risk that a signing partner might interpret his or her signing responsibility as enabling or requiring him or her to override or ignore the firm's position on a technical matter. Another SAG member added (p. 88) that a publicly named partner would be less likely to consult with others, thus diminishing audit quality. Although we see no other unintended consequence of any proposed requirement, we see no benefit whatsoever to be achieved by its adoption in the United States.

We cannot speak to questions 7-10, and because we are so firmly against a signature requirement such as is being considered, we have chosen not to speak at this time to questions 11-16 of part III of the Release.

Thank you for this opportunity to comment. We hope the Board finds our comments useful in its deliberations on this matter. Please contact the undersigned at hlevy@pbtk.com or 702/384-1120 if there are any questions about this response.

Very truly yours,

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* http://www.pcaobus.org/Standards/Standing_Advisory_Group/Meetings/2008/10-22/SAG_Transcript.pdf