TRISTATE CAPITAL

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December 9, 2011

Office of the Secretary
PCAOB
1666 K Street, NW
Washington, D.C. 20006-2803

RE: PCAOB Rulemaking Docket Matter No 37: Concept Release on Auditor Independence and Audit Firm Rotation

Thank you for the opportunity to comment on the concept release to enhance auditor independence, objectivity and professional skepticism through the implementation of mandatory audit firm rotation. While we applaud the objectives, it is our opinion that mandatory audit firm rotation would produce negative consequences that far outweigh any perceived benefit of such action.

The passage of Sarbanes-Oxley Act and the implementation of the PCAOB in conjunction with the actions of the auditing profession and SEC has resulted in significant and positive progress in the continued improvement of audit quality. Paramount among the positive developments has been the enhancement and empowerment of the Audit Committee in terms of its makeup, role and responsibility. The Audit Committee not management, has sole authority to appoint, remove and compensate the auditors. Mandatory auditor rotation would serve to undermine the audit committee's role, responsibility and judgment in the selection and oversight of the audit firm. In short, audit firm rotation would be tantamount to the use of a blunt instrument when continued fine tuning and calibration is warranted. It is disconcerting that such a bold move is under consideration where, in fact, there is no empirical correlation between audit tenure and audit failure.

In addition to usurping the responsibility and the judgment of the audit committee, the following are several potential negative aspects associated with mandatory auditor rotation:

- The audit of a complex corporation requires many years to build the human resource network and to provide the coordination and the communication infrastructure that is required to maximize the effectiveness of an audit. The costs of replicating this, once in place, would be significant in terms of the efficiency and quality of the audit. This increased burden would be borne by both the company and the audit firm.

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- Auditing firms already spend significant down time prepping for the "beauty contest" of a proposal or re-proposal effort. Mandatory rotation would significantly increase this non productive effort. More importantly it would cause the firms to put more of a premium on the "rainmaker" partners who can sell new business opposed to more technical and quality focused partners.

- The learning curve on new engagements put increased pressure on the senior members of the engagement team and leaves less time for the training and mentoring of the less experienced staff.

- The cumulative effect of the above points would provide a less desirable environment in which to attract the "best and the brightest" to the profession and ultimately lead to lower quality audits.

- As a bank owned by a bank holding company, we are subject to regulation and periodic examination by the Pennsylvania Department of Banking, the FDIC and the Federal Reserve Bank of Cleveland. All of these agencies rotate teams of examiners in the course of performing periodic safety and soundness examinations. That rotation requires us to educate newly assigned examination personnel about our business, which is an administrative burden and cost that we accept. The further burden and cost that rotation of audit firms would entail is far greater than any perceived benefit to shareholders or others.

The efforts made by the PCAOB, the audit profession and strengthened audit committees have had a significant and positive impact on audit quality. It is recognized that quality improvement is a never-ending process. The recently issued PCAOB engagement quality review and risk assessment auditing standards and the planned issuance of new quality control standards is representative of the evolution of this process. We believe that mandatory auditor rotation would result in an unintended step backward along this road of progress.

We would be pleased to discuss our comments with members of the Board or its staff.

Sincerely,

Mark L. Sullivan
Vice Chairman and Chief Financial Officer