

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

March 28, 1988

Mr. Philip Chenok
American Institute of Certified Public Accountants
1211 Avenue of the Americas
New York, New York 10036

Dear Phil:

As you know, there are several initiatives currently being considered concerning disclosure of changes in registrants' certifying accountants. One idea, which was proposed by B. Z. Lee and Ted Barreaux during a meeting on March 9th, is for the former accountant, at the time it is dismissed, resigns or declines to stand for re-election, to inform the Commission in writing that it is no longer the auditor for the registrant. During that meeting and in subsequent telephone conversations, I informed B. Z. and Ted that providing such a notice would be most beneficial in those situations where the registrant failed to file either its Form 8-K or the following letter from the former accountant. I further indicated that in order to avoid numerous uninformative notices being received by the staff, that if the Commission were to pursue such an initiative I would recommend that the notices only be provided where the 8-K or former accountant's letter had not been filed.

I have been informed by the Office of General Counsel that the Commission has no express authority to require firms to provide the staff with such notices, and whether the Commission's general rulemaking authority may be used to adopt such a requirement would depend on the factual predicate for such a rule. Nonetheless, I continue to believe that the Commission should be advised of any situations where the 8-K or the former accountant's letter has not been filed.

Before other alternatives to implement such a requirement are considered, it would be appropriate for the AICPA to examine whether professional standards should be interpreted to require such a notice to the Commission in the limited circumstances described above. The requirements are clear for the registrant to file the Form 8-K announcing the change in accountants and to amend that filing to include the former accountant's letter. In my view, when the former accountant is aware that the registrant has violated these regulatory requirements, it has a professional obligation to bring this violation to the attention of the Commission. In order to alleviate the concerns of some accountants' counsel, no confidential client information would need to be disclosed. The notice (which could be in the form of a letter to me) need only contain simple statements of fact that the accountant was no longer associated with the engagement as of a certain date, or that on a certain date it had furnished to the registrant a letter called for by the

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Form 8-K rules (or that to the best knowledge of the former accountant its letter has not been filed as an amendment to the Form 8-K).

If after examining the issue the AICPA determines not to pursue the matter, please advise me in writing of the reasons (including legal opinions the AICPA may have received) that the profession feels it cannot accomplish what I believe we both agree is a mutually beneficial objective.

I appreciate your help and look forward to working further with you on this issue and hope that it can be resolved expeditiously.

Sincerely,

Edmund Coulson
Chief Accountant

cc: Ted Barreaux
B. Z. Lee
Nina Gross