



PUBLIC OVERSIGHT BOARD

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PUBLIC OVERSIGHT BOARD

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Via Facsimile and Federal Express January 21, 2002

The Honorable Harvey L. Pitt
Chairman
Securities and Exchange Commission
Judiciary Plaza
450 Fifth Street, N.W., Room 6000
Washington, DC 20549

Dear Chairman Pitt:

I am writing to inform you that the Public Oversight Board voted unanimously on Sunday, January 20, 2002 that it intends to terminate its existence pursuant to Section IX of the POB's Charter no later than March 31, 2002. A copy of our resolution of intent to terminate is enclosed.

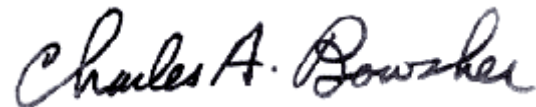
This decision was made reluctantly, but members of the Board felt we had no other recourse. It was obvious from your remarks at the press conference on January 17th that the proposals for changing the system of self-regulation of the accounting profession do not include a place for the POB. An oral outline of the proposed changes was provided to us, shortly before your announcement, by the President of the AICPA and the Chair of the SEC Practice Section ("SECPS") Executive Committee. They, along with Big 5 representatives, apparently had been in talks with you on this matter for some time. It is significant that there was no consultation with the POB, which is charged with representing the public interest, before these proposed changes were announced.

In voting its intent to terminate, the POB recognizes that arrangements must be made for a transition of its responsibilities, especially with

respect to the continued oversight of the SECPS, the Auditing Standards Board, the Peer Review Committee, and the Quality Control Inquiry Committee, as well as monitoring the implementation of the recommendations of the Panel on Audit Effectiveness. Also, plans must be made to transfer from the POB to an independent entity the conduct of and issuance of, public reports on, the special independence reviews of the Big 5 accounting firms, agreed to by the SEC and the firms in June 2000. Beyond this, decisions must be made about the POB's staff. While there will undoubtedly be other matters to deal with, we anticipate that it will be possible to work out suitable arrangements no later than March 31st.

We believe that the events of recent weeks surrounding the collapse of Enron have precipitated a tremendous concern about the manner in which the accounting profession conducts its business and serves the public interest. As Chairman of the POB, it has been my pleasure to serve with a group of outstanding Board members and a fine staff, dedicated to the public interest. The members of the Board look forward to working with Congress, the SEC, and various members of the profession in arriving at reforms that will enhance our capital markets and restore public confidence in the integrity of the system.

Sincerely,



Charles A. Bowsher
Chair

Enclosure

cc: James C. Castellano
Chair
AICPA (with enclosure)

Barry C. Melancon
President and CEO
AICPA (with enclosure)

Robert J. Kueppers
Chair
SEC Practice Section (with enclosure)