

[Home](#) > [News & Statements](#) > [Press Releases](#)

Commission Announces Founding Members of Public Company Accounting Oversight Board

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Washington, D.C., October 25, 2002 -- The Securities and Exchange Commission today announced the selection of Judge William H. Webster to be chairman, and Kayla J. Gillan, Daniel L. Goelzer, Willis D. Gradison Jr., and Charles D. Niemeier to be founding members of the Public Company Accounting Oversight Board.

The Board, established by the Sarbanes-Oxley Act of 2002, will oversee the audits of the financial statements of public companies through rigorous registration, standard setting, inspection and disciplinary programs. The Act requires the Commission, in consultation with the Secretary of Treasury and the Chairman of the Federal Reserve Board, to select the members of the Board.

The Commission received approximately 450 nominations and applications for the five available Board positions.

SEC Chairman Harvey L. Pitt said: "The individuals selected to serve on the Board clearly meet and exceed all the requirements in the Act - they are individuals of high integrity and reputation who have demonstrated a commitment to serving the interests of investors, and they understand the financial reporting process. They are each committed to meaningful reform. In addition, they bring to the Board a combination of investor advocacy, regulatory and legal experience. The Commission looks forward to working with the new Board members as they develop the Board's programs and begin operations."

"We have been pleased by the expressions of interest and willingness to serve on the Board," said Chief Accountant Robert K. Herdman. "Many prominent people of unquestioned integrity and ability were nominated for the Board, making the decision difficult but, at the same time, extremely rewarding. The President and Congress have set out an aggressive program for reform of the accounting profession, and the new Board's first task is to implement that program. Wisely, the Act also provides the Board with the ability to perceive the need for, and implement, even more reform."



Biographical Notes

William H. Webster (Chairman, term to expire 2007) - Judge Webster's entire career reflects his commitment to public service and dedication to protecting the American public. Judge Webster served as U.S. Attorney for the Eastern District of Missouri, then as a U.S. District Court judge. He subsequently was elevated to the U.S. Court of Appeals for the Eighth Circuit. During his service on the bench, Judge Webster was Chairman of the Judiciary Conference Advisory Committee on the Criminal Rules and was a member of the Ad Hoc Committee on Habeas Corpus and the Committee of Court Administration. He resigned from the Court in 1978 to become the Director of the Federal Bureau of Investigation under President Jimmy Carter. In 1987, he was sworn in as the Director of Central Intelligence under President Ronald Reagan. In this position, he headed the Intelligence Community (which includes all foreign intelligence agencies of the United States) and directed the Central Intelligence Agency.

Since his departure from the CIA, Judge Webster has been asked many times, by many people and organizations, to examine the status quo and recommend reforms. The City of Los Angeles Police Commission called on Judge Webster after the riots in the early 1990s. He was appointed by IRS Commissioner Charles Rossotti to investigate allegations of taxpayer abuse of the IRS' Criminal Investigation Division. Most recently, Judge Webster was asked to investigate the security policies and procedures of the FBI following the discovery of Special Agent Robert Hanssen's espionage activity. As a member of the legal community, Judge Webster has served

as Chairman of the American Bar Association's Corporation, Banking and Business Law Section. In 1997, the ABA asked Judge Webster to lead an examination of the "pay to play" practice of directing political contributions to elected officials to influence the award of municipal bond contracts.

Judge Webster is currently a partner in the international law firm Milbank, Tweed, Hadley & McCloy LLP, where he practices international corporate, banking, trade and administrative law and has led teams of Milbank attorneys conducting numerous internal investigations for the independent directors of several boards of directors of Fortune 500 companies. He has served on a number of audit committees, including Anheuser-Busch Companies Inc., Pinkerton Inc. and Maritz Inc.

Judge Webster has been highly praised for his integrity and commitment to public service. He has been recognized with many awards, including the 2002 American Bar Association Medal (the highest honor the ABA can bestow), the 2001 Justice Award of the American Judicature Society, the Presidential Medal of Freedom, the National Security Medal, and he is an Honorary Fellow of the American College of Trial Lawyers.

Daniel L. Goelzer (Term to expire 2006) - Goelzer served as the General Counsel of the Securities and Exchange Commission for more than seven years, making him the longest serving General Counsel in the history of the agency. During his tenure as General Counsel, Goelzer represented the SEC and the interests of investors through the performance of duties in the areas of appellate litigation, rulemaking, and regulation of the securities markets. He has testified before Congress on these issues and assisted in drafting legislation. As both a lawyer and a Certified Public Accountant, he was a constant source of advice and counsel on legal, regulatory, and congressional issues pending before the Commission. Since leaving the Commission, Goelzer has been in the private practice of law, focusing on securities law and financial institution regulation. He is the author of several articles on matters related to corporate governance and the securities laws. Early in his career, Goelzer was a member of the audit staff of Touche Ross & Co.

Kayla J. Gillan (Term to expire 2005) - Gillan recently became the vice president of Independent Fiduciary Services, after serving six years as the chief legal adviser to the California Public Employees' Retirement System (CalPERS) and to its 13-member Board of Trustees. She drafted CalPERS' U.S. Corporate Governance Core Policies and Guidelines, a treatise on corporate governance practices, which is widely cited and has been incorporated within the national and international curriculum on this subject. Gillan interacts not only with corporate boards and executives, but also investment advisers and institutional investors, including pension, labor and mutual funds. She is a frequent speaker and author on corporate governance issues, and an active advocate for shareholder and investor interests.

Willis D. Gradison, Jr. (Term to expire 2004) - Gradison is a former nine-term Congressman from Ohio. While in Congress, he served as the Ranking Member of the House Budget Committee and as the Ranking Member on the Health Subcommittee of the House Ways and Means Committee. Prior to entering Congress, Gradison served as an Assistant to the Secretary of Health, Education and Welfare, an Under Secretary of the Treasury, and Mayor of Cincinnati. He has been the Chairman of the Board of Directors of the Federal Home Loan Bank of Cincinnati, an investment broker and corporate director. Since leaving Congress, he has been president of the Health Insurance Association of America, a member of the audit committee for Project HOPE, and served on other charitable foundations. Gradison currently is the Senior Public Policy Counselor at Patton Boggs.

Charles D. Niemeier (Term to expire 2003) - Niemeier is the Chief Accountant in the Commission's Division of Enforcement and co-chairman of the Commission's Financial Fraud Task Force. In these roles, he coordinates, monitors and advises the Division staff as they conduct accounting and financial reporting investigations and initiate enforcement and disciplinary proceedings. Under his leadership, last year the Commission brought a record 160 financial fraud, reporting, and accounting cases, including cases involving misleading earnings press releases and misleading disclosures in the Management Discussion and Analysis (MD&A) sections of corporate reports. As both an attorney and a Certified Public Accountant, Niemeier has legal and public accounting experience dealing with complex accounting, auditing, and financial reporting issues.

