



AFL-CIO



October 29, 2015

Mary Jo White
Chair
Securities and Exchange Commission
100 F Street, Northeast
Washington, D.C., 20549

Dear Chairman White:

We are writing in response to recent press accounts discussing the reappointment or possible replacement of the current PCAOB Chairman James Doty. We are concerned that these reports undermine Chairman Doty and his efforts to improve the independence and quality of public company audits. We urge you to lay this speculation to rest by quickly announcing his reappointment as Chair.

In an address given in 2000 to the New York Economic Club, then SEC Chairman Arthur Levitt, Jr. stated:

“Investors today commit capital because they have confidence in the quality and the integrity of America’s markets. That faith does more than fuel markets – it makes markets *possible*... Confidence in our markets begins with the quality of the financial information investors use to decide where to invest their hard-earned dollars. Quality information is the lifeblood of strong, vibrant markets.”

Those prophetic remarks rang ever so true in the ensuing years when one corporate scandal after another arose, resulting in trillions of dollars in capital market value disappearing and, with it, investors’ confidence. Often these scandals were accompanied by less than quality audits, which contributed to investors’ receipt of misleading financial information.

As a result of those scandals, Congress passed and the President signed the Sarbanes-Oxley Act of 2002. That act "...established the Public Company Accounting Oversight Board to oversee the audit of public companies that are subject to the securities laws...in order to protect the interests of investors and further the public interest in the preparation of informative, accurate and independent audit reports for companies the securities of which are sold to, and held by and for, public investors." Thus, the PCAOB is charged by Congress with protecting investors.

Because of the important role the PCAOB plays in protecting investors and ensuring the integrity of our capital markets, it is vitally important that the chair of the PCAOB, whoever that is, be a person of high integrity with a demonstrated past track record of serving the public interest. The chair should be someone who has a clear understanding of the importance of transparent and timely financial reports prepared by public companies. Even more important with respect to the PCAOB, its chair should also understand the responsibility of auditors to be unquestionably independent and serve the public interest and the interests of investors.

Based on his track record, we believe Chairman Doty has met that standard. As you are well aware, he has served to protect investors in the past in his role as general counsel of the Securities and Exchange Commission. As the chair of the PCAOB he has also developed an agenda that many investors have applauded. Mandatory rotation of auditors, improving transparency of audit reports, engagement partner identification, enhanced inspections, improved auditing of estimates and fair values, and improved communications with audit committees are but some of these.

If you nonetheless decide to consider other candidates for the position, we would urge you to limit yourself to individuals with an even stronger track record of protecting and serving investors. Many of the reforms proposed by the U.S. Treasury Advisory Committee on the Auditing Profession, and pursued by Chairman Doty, have been adopted by other countries around the globe, thus leap-frogging the U.S. capital markets. Now the United States is in danger of becoming a "follower" rather than a "leader" in terms of the quality of its audits, and the resulting confidence in financial statements. We cannot risk appointment of a PCAOB Chair who will leave us even further behind on issues of such importance. We know that many people close to you hear regularly the concerns of the big accounting firms, but your job, first and foremost, is to protect the interests of investors and the public. The job of the SEC is not to make life easy for the big accounting firms at the expense of investors and the public.

We believe Mr. Doty is more than capable of carrying out the agenda he has established, and in doing so, serving investor interests. For him to do so successfully, however, he needs the strong support of the SEC. We urge you to provide that support.

Sincerely,

Heather Slavkin Corzo
Director, Office of Investment
AFL-CIO

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Former SEC Chief Accountant

Cc: Commissioner Luis A. Aguilar
Commissioner Michael S. Piwowar
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