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August 14, 2015

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, N.W., Washington, D.C. 20006-2803
Transmitted by e-mail to: comments@pcaobus.org

Re: PCAOB Rulemaking Docket Matter No. 029, Release No. 2015-004, "Supplemental Request to Require Disclosure of Certain Audit Participants on a New PCAOB Form"

Dear Ms. Brown and Members of the Board:

Once again, we are taking the opportunity to offer our comments in response to the latest proposal by the Public Company Accounting Oversight Board (the PCAOB or the Board) in the series ofreleases designated collectively as Rulemaking Docket Matter No. 029, *i.e.*, Release No. 2015-004, dated June 30, 2015, this time titled, "Supplemental Request to Require Disclosure of Certain Audit Participants on a New PCAOB Form." Although the proposal includes potential requirements for disclosure of other audit participants, this response is focused almost solely on disclosing the identity of the audit engagement partner.

We note with deep concern that on three previous occasions, beginning over six years ago in 2009, the Board has presented for public comment the notion of disclosing the identity of the audit engagement partner, and that it persists now, for a fourth time, despite the almost universal objections of members of the audit community. These objections are heavily grounded principally in the conspicuous absence of any credible evidence as to any measurable benefit to investors or other stakeholders of these disclosures, as claimed, either in terms of their utility for informing better investment decisions or in providing incentives to improve audit performance and quality.

We also objected to including such disclosures in audit reports because of their negligible value particularly when viewed in relation to other information required to be in an audit report. We believe it would merely add clutter, overstate the appearance of significance, distract from the important information, and reduce the probability that the report would even be read. In addition, disclosure of the identity of the audit engagement partner would tend to mislead readers to an overstated impression of the partner's level of responsibility *vis a vis* that of the reporting firm.[1]

Apparently, however, the investment community has loudly asserted its belief in such benefits (which, quite frankly, we see as "imaginary") and, accordingly, repeatedly voiced its demand for these disclosures, and we are unable to explain why the PCAOB appears to have assumed the burden of supporting the claims of these investor groups.

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[1] In contrast, naming other audit firms participating in the audit would tend to give a misleading impression that confused readers by effectively understating the full responsibility taken by an issuing firm that does not make reference.

In its earlier letters in response to Release 2009-005 (Comment Letter No. 15, dated September 11, 2009) and Release 2009-005 (Comment Letter No. 8, dated November 30, 2011), this firm presented its objections in significant detail to the Board's disclosure proposals. (In addition, the undersigned was one of the principal drafters of the response to Release 2013-009 of the New York State Society of CPAs (Comment Letter No. 15, dated February 4, 2014), which expressed similar views (as did many other audit firms and CPA organizations). Because of the extent to which our views are detailed in those earlier letters to which we refer you, in the interests of avoiding undue redundancy, this letter is considerably briefer.

As noted in the fourth preceding paragraph, for reasons set forth in considerable detail in our earlier letters, we find that despite its extensive research efforts, the Board has been unable, even in this fourth attempt, to offer any persuasive evidence to support the beliefs it matter-of-factly asserts, without qualification, that public disclosure of the identity and other information about the audit engagement would both (1) help investors make better informed investment decisions, and (2) provide incremental incentives for audit partners to do better quality work. Moreover, we find the Board's arguments that a separate reporting form *(i.e.,* proposed Form AP) would make the required disclosures available more timely or to be otherwise more readily accessible by those who would seek such information, largely contrived, weak and unconvincing. In our opinion, reporting the proposed information annually on Form 2 and updating when necessary on Form 3, would be just as timely and easily accessible as the proposed Form AP and be far less of an unwarranted administrative burden to reporting firms. Additionally, we find the argument that Forms 2 and 3 are primarily designed to serve a purpose other than public disclosure *(i.e.,* the Board's oversight activities) to be entirely irrelevant.

Nevertheless, we refer to the letter dated July 17, 2015, (Comment Letter No. 3 to the current Release) from the esteemed Dennis R. Beresford, former FASB Chairman, now of the University of Georgia, who noted that page 2 of the Request states that, "The Board continues to consider whether to mandate auditor disclosure regarding certain audit participants and, if so, whether disclosure should be made in the auditor's report or on Form AP." "Thus," Beresford observes, "notwithstanding the 'continues to consider' wording ..., the Request reads as though the Board has decided that these disclosures will be mandated and the only question is whether they will be in the auditor's report or the new Form AP." Therefore, it appears, that the Board is already irrevocably committed to a foregone conclusion imposing these disclosure requirements either in the audit report or in proposed Form AP and has ruled out the inherently superior compromise alternative (which we, among others, suggested reluctantly) ofreporting such information in an expanded version of the extant PCAOB Forms 2 and 3. We see this as unfortunate, if so, and hope it is not.

Accordingly, we remain firmly opposed to the proposed public disclosure of the identity of the audit engagement partner in any form based on its clear improbability of achieving any imaginary benefit such as is claimed. We are particularly opposed to the Board requiring such disclosure in the audit report, or even offering the option of voluntarily including it there either in addition to or instead of a PCAOB reporting form. We believe that option should be expressly prohibited primarily for the reasons reiterated at the beginning of this paragraph and because it would likely distract from more important information in an audit report and potentially be misleading. Nevertheless, we find the most palatable and practical way to yield to the unreasonable demands for such information, if necessary, would be to use the Form 2/Form3 reporting alternative.

In the Release, the PCAOB maintains that a significant reason it is considering Form AP as an alternative to disclosure of partners' names in audit reports is the expression of concerns by many respondents of inviting "additional private" liability if disclosed in audit reports. As much as we object to these public disclosures, we do not share these liability concerns with others. We believe that litigation risk and the attendant exposure to liability is inherently the same without regard to the placement of such disclosure, if any, whenever investors are damaged for reasons they can attribute to financial statement misstatements,

and that in any litigation, the discovery process will readily result in the identification of all responsible parties. It is clearly not an issue.

Although not part of the current proposal for disclosure in an audit report or in Form AP, we further object to the rather subtle suggestion in Appendix 2, part A, of the Release (pages A2-4 to A2-6) that over time, additional disclosures might be required that would enable the private development of databases providing investors with ready access to other virtually useless, at best, and more likely misleading and damaging, information about individual audit partners. We strongly recommend that the PCAOB should permanently abandon any designs or intentions it might have to pursue these avenues and, consistent with its primary Congressional mandate for the "establishment and enforcement of appropriate auditing standards,"[2] shift its focus from promoting more disclosure to investors (which is the SEC's job) to providing standards for "actually conducting audits," as suggested recently by the SEC's Chief Accountant, James Schnurr,[3] and on its oversight *(i.e.,* inspection) activities.

To help the PCAOB's staff to organize our views for presentation to the Board, we are including our brief responses to selected questions presented in the Release on the following pages.

Thank you for this opportunity to comment on this proposal. Once again, we hope the Board finds our comments useful in its deliberations on this important matter. Please contact the undersigned at hlevy@pbtk .com or 702/384-1 120 if there are any questions about these comments.

Very truly yours,
Piercy Bowler Taylor & Kern,
Certified Public Accountants

Howard B. Levy, Principal
and Director, Technical Services

[2] Section 101(a) of the Sarbanes-Oxley Act of 2002.

[3] PCAOB's budget meeting in February 4, 2015.

Answers to Selected Questions Presented in the Release

1. Would disclosure on Form AP as described in this release achieve the same potential benefits of transparency and an increased sense of accountability as mandatory disclosure in the auditor's report? How do they compare? Would providing the disclosures on Form AP change how investors or other users would use the information?

As explained in greater detail throughout the body of our letter and more so in our earlier letters on Docket 029, referenced therein, in our view, the potential benefits of these disclosures in terms of useful transparency and an increased sense of accountability are equally negligible no matter where they are made.

3. Would disclosure on Form AP mitigate commenters' concerns about liability? Are there potential unintended consequences, including liability- related consequences under federal or state law, of the Form AP approach? If so, what are the consequences? How might the Board address them?

As also explained in the body of our letter, beginning at the bottom of page 2, we do not see increased exposure to liability as an issue in this matter.

4. In addition to the required filing of the Farm·AP, auditors may decide to voluntarily provide the same disclosures in the auditor's report. Are there any special considerations or unintended consequences regarding voluntary disclosure in the auditor's report? If so, what are those considerations or consequences? How might the Board address them?

We explained also near the bottom of page 2 of our letter that we believe that voluntary disclosure in the audit report should be expressly prohibited primarily because of our views of its lack of utility or positive effect on partners' sense of accountability and audit quality and because it would clutter up the report and likely distract from more important information and potentially be misleading.

6. Is 30 calendar days after the filing of the auditor's report (and I 0 calendar days in the case of an IPO) an appropriate amount of time for firms to file Forms AP? Should the deadline be shorter or longer? Why? Are there circumstances that might necessitate a different filing deadline? For example, should there be a longer deadline (e.g., 60 days) in the first year of implementation? Should the JO-day deadline apply whenever the auditor's report is included in a Securities Act registration statement, not just in the case of an IPO?

As we have stated repeatedly, we believe if such disclosure were to be required, it would best be made annually on Form 2 and updated within 30 days as necessary on Form 3. We see no reason for any independent deadline tied to the audit report date and see 30 days from a reportable change more than adequate particularly in light of our opinion as to the lack of value in the information.

7. This supplemental request for comment contemplates not requiring disclosure of nonaccounting firm participants in the audit as previously proposed. Is it an appropriate approach to not require disclosure of nonaccounting firm audit participants? If not, should the Board adopt the requirements as proposed in the 2013 Release or the narrower, more tailored approach

Answers to Selected Questions Presented in the Release (continued)

8. *described in Section V of this supplemental request, which would not require disclosure of information about nonaccounting firm participants controlled by or under common control with the accounting firm issuing the auditor's report, with control as defined in Section V? If the Board were to adopt this narrower, more tailored approach, is the description of the scope of a potential requirement sufficiently clear? Why or why not? Is the definition of control in Section V appropriate? Why or why not?*

We agree with the Board's withdrawal of its earlier proposal for disclosure of nonaccounting firm participants in the audit because we see that as additional information of no value at best and a means of diluting the responsibility of the reporting firm at worst.

9. *Does Form AP pose any specific issues for EGCs? Would disclosure of the required information on Form AP promote efficiency, competition, and capital formation if applied to EGCs? If so, how? How does disclosure on Form AP compare to disclosure in the auditor's report proposed in the 2013 Release in that regard? Would creating an exemption for audits of EGCs benefit or harm EGCs or their investors? Why?*

Our views about Form AP have nothing to do with the category of issuer and, therefore are the same for EGCs as for others.

10. *Does Form AP pose any specific issues for brokers, dealers, or other entities? If so, what are those issues? How does disclosure on Form AP compare to disclosure in the auditor's report proposed in the 2013 Release in that regard?*

Our views about Form AP are the same for brokers, dealers, or other entities as for issuers.