

MILBANK, TWEED, HADLEY & McCLOY

1 CHASE MANHATTAN PLAZA

NEW YORK, N. Y. 10005

1211 AVENUE OF THE AMERICAS

NEW YORK, N. Y. 10036

(212) 422-2660

CABLE: MILTWEED NEW YORK

TELEX: 12 5595

I. T. T. 422262

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BRE N. BOZORTH
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A. DONALD MACKINNON
GRENVILLE S. SEWALL

ALMAKNDRA HOUSE

16 CHATER ROAD

HONG KONG

TELEPHONE: 8-865861

CABLE: MILTWEED HONG KONG

TELEX: 66038 HK

NIHON PRESS CENTER BUILDING

2-1 UCHISAIWAI-CHO 2-CHOME

CHYODA-KU, TOKYO, JAPAN

TELEPHONE (03) 604-1080

CABLE: MILTRAST TOKYO

TELEX: 822298

April 4, 1978

CHAIRMAN'S OFFICE
RECEIVED

Honorable Harold M. Williams, Chairman
Securities and Exchange Commission
Washington, D. C. 20549

APR 7 1978

Dear Mr. Chairman:

SEC. & EXCH. COMM.

In order to bring you up to date as to what the POB of the AICPA has been doing since my appointment, I thought I might try to summarize what I told you over the telephone. At the moment the POB has only three members, Garret, Wood and McCloy. Cary does not become a member until June 1st and the fifth member has not yet been appointed. I had heard that Burns would not be able to respond to his invitation until after March 31st, but I have not heard as yet whether he has accepted.

Such members of the POB as had been appointed had their first meeting on March 7th at which I gave the members a sketch of the hearing I had attended before the Moss Committee and generally brought them up to date with what I understood to be the principal responsibilities of the POB. I have called a second meeting for April 11th and I shall be in touch with you after that meeting. Although it may be difficult to come to final decisions as early as that in view of the fact that the POB is not yet fully constituted, we ought to be able to identify some of the problems and make some progress toward their solution.

We have already discussed with the executives of the AICPA and the Executive Committee of the SEC Practice Section certain

questions regarding the independence of the POB. We ran into some hesitation on the part of the Executive Committee toward the full self-perpetuating powers of the POB. After talking the matter over the Executive Committee adopted recommendations for changes in the organization document relating to the appointment, term, removal and compensation of members of the POB and we are preparing by-laws that deal with these. In substance the recommendations provide for the POB making the appointments subject to consultation with the Executive Committee, i.e. the initiative and final authority would rest with the POB.

We are endeavoring to recruit as a sort of Executive Director of the POB someone with accounting experience, probably a retired one, and we are also seeking office space in New York City outside the facilities of the AICPA.

After attending to the organization and staffing details the principal effort of the POB will be to identify the main issues to be addressed. For the moment they are the peer review functions of the Practice Section and the scope of services problem.

I would plan to give you an informal written report shortly after the April 11th meeting.

It has been indicated that before long we should have a meeting of the POB or some members of it with the SEC and some members of it. I have to be out of town until the early part of May and my suggestion is that I should meet with you bringing along one other member of the POB and perhaps your bringing along another Commissioner. My tentative date for this meeting would be some time in the middle of May, say between the 15th and 17th, but I will confirm this with your secretary. ;


Mr. Teneych informed Mr. Stark, my partner, that the SEC has established a staff meeting every other Monday in Washington beginning on April 10th to discuss developments and programs. I suggest that Mr. Stark attend this April 10th meeting and that some member of the staff of the POB plan to attend these meetings regularly.

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I understand that you have a report date for July 1st. It would be my hope that we would keep you regularly informed of the progress the POB has been making up to that date. Mr. Stark has already met with Mr. Teneych and Mr. Golub and I believe he intends to meet with Mr. Sampson.

I am taking such steps as I properly can to have the fifth member of the POB appointed and in place as promptly as possible.

Respectfully yours,

A handwritten signature in cursive script, appearing to read "J. V. [unclear]".