Statements of Daniel L. Goelzer Regarding Adoption of Accounting Support Fee Rules

April 16, 2003 Public Meeting of the Board

Based on the comments, the most controversial part of this proposal seems to have been Rule 7103(b), which would prohibit a registered accounting firm from rendering a clean opinion with respect to an issuer unless the auditor has determined that the issuer has no past-due fee amount owed to the Board. We have changed this rule to add a note making clear that, to determine whether there is an amount owing, the auditor can either get a representation from management that it has paid or can confirm payment with the Board.

I have had reservations about the concept of involving auditing firms in the collection process, but have been persuaded that Rule 7103(b) is a reasonable way of assuring payment. We need, however, to monitor the operation of this rule. If its burdens on the profession outweigh its benefits to the Board, we should be prepared to amend or withdraw it and to rely on other collection measures -- particularly the fact that failure to pay will be a securities law violation that we will report to the SEC and that could be a basis for Commission enforcement action.