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March 5, 1937

140-6 (651)



Carman G. Blough, Esq.,
Chief Accountant,
Securities and Exchange Commission,
Washington, D. C.

Dear Mr. Blough:-

Your letter of February 24th was received during my absence from the office and, accordingly, I have not been able to reply to same until today.

I feel, in general, that Rule No. 651 states very clearly the requirements for a certificate by independent accountants on accounts submitted to the Securities and Exchange Commission.

I think there might be an advantage in a paragraph being added to emphasize the accountants' responsibility for the consistency of income statements with a requirement making it necessary for the accountant to state the effect of a change in procedure either by showing this in the certificate or by making an appropriate reference therein to the details shown in the accounts, particularly if the accounts submitted are a compromise between two methods. I have not considered it necessary to refer to the Balance Sheet as I feel the differences in treatment are relatively fewer and, as a rule, substantially less important.

Yours very truly,

A handwritten signature in cursive script, appearing to read "Arthur Young".