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Boston Area Business Leaders Speak Out During CAQ's Financial Reporting Dialogue

Boston, MA – Today, approximately 70 local and national leaders from the business, investor, policy and academic communities convened in Boston to discuss how the quality, transparency and relevance of financial information can be improved.

Led by a distinguished panel of experts, including Dr. Jean C. Bedard, CPA and Timothy B. Harbert Professor of Accounting in the Department of Accountancy at Bentley College, John Mahoney, CFO and Vice Chairman of Staples, Inc., James L. Kroeker, Deputy Chief Accountant for the U.S. Securities and Exchange Commission (SEC), and Robert Pozen, Chairman of MFS Investment Management® and the SEC Advisory Committee on Improvements to Financial Reporting, the group discussed several pressing issues facing the capital markets today, including the reliability and transparency of financial statements, corporate governance, and regulatory requirements of the 2002 Sarbanes-Oxley Act (SOX).

“We launched the Public Dialogue Tour one year ago as part of the CAQ’s mission to foster confidence in the audit process by facilitating constructive suggestions for change,” said CAQ Executive Director Cynthia Fornelli. “The thoughts and ideas of stakeholders here in Boston, and across the nation, have given the public company auditing profession a better understanding of how business reporting might evolve to meet the information needs of all market participants.”

The Boston Public Dialogue Tour is the ninth dialogue event that the CAQ has hosted since April 2007. Previous Tour stops included Denver, Charlotte, Minneapolis, Seattle, New York, Chicago, San Francisco and Dallas.

Echoing previous Dialogue event discussions, participants in Boston expressed the belief that investor confidence and financial reporting have improved as a result of SOX, confirming results of surveys conducted by the CAQ of investors and audit committee members about their views on overall audit quality since the implementation of SOX.

Speaking about SOX, panelist Dr. Jean Bedard said, "Although it has annoyed many people, much good has come of it. There is some potential in the long term for fraud and earnings mismanagement to be reduced. There is such complaint about the costs of 404, yet there is a corresponding benefit here. I hope we'll continue down that path and I hope the SEC will stay the course to pull the smaller companies into 404 as well."

Dialogue participants also offered a wide range of ideas on how to meet the needs of investors with various levels of sophistication, from investment professionals to casual investors with minimal knowledge of the capital markets.

Panelist Robert Pozen noted, “I think individual investors are mainly interested in summaries. We've spent the last 50 years trying to develop a summary document. The problem has always been how much legal protection the issuer gets if something is omitted from the summary and an investor complains. The SEC is finally coming to grips with that. I think the Internet provides a way to have a summary and a sort of hyperlink to details. But it's a tough issue.”

The Public Dialogue Tour will conclude on July 22, 2008, when the CAQ hosts its tenth and final event in Washington, D.C. The information gathered from the Dialogue events will be incorporated into a report the CAQ will release later this year.

For more information about this, or any other Public Dialogue Tour events, or to read the summary of investor and audit committee survey findings, visit the CAQ's Web site, www.thecaq.org.

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The Center for Audit Quality (CAQ) is an autonomous public policy organization serving investors, public company auditors and the capital markets. The CAQ's mission is to foster confidence in the audit process and to aid investors and the markets by advancing constructive suggestions for change rooted in the profession's core values of integrity, objectivity, honesty and trust. Based in Washington, D.C., the CAQ is affiliated with the American Institute of Certified Public Accountants. For more information, visit www.thecaq.org.