

May 16, 2016

Ms. Lisa A. Snyder, CPA  
Director of the Professional Ethics Division  
American Institute of Certified Public Accountants  
1211 Avenue of the Americas  
New York, NY 10036-8775

Via e-mail: lsnyder@aicpa.org

**Re: *Omnibus Proposal, AICPA Professional Ethics Division – November 25, 2015***

Dear Ms. Snyder:

Moss Adams LLP appreciates the opportunity to share our views on the AICPA Professional Ethics Executive Committee's (PEEC) proposed and revised interpretations in the Omnibus Proposal dated November 25, 2015 (the Proposal). Our comments are limited to proposed Interpretation 1.400.205, "Transfer of Files and Return of Client Records in Sale, Transfer or Discontinuance of a Member's Practice."

Moss Adams LLP is one of the 15 largest accounting and consulting firms in the United States. Our staff of more than 2,400 includes approximately 267 partners. Founded in 1913, Moss Adams LLP provides accounting, tax, and consulting services to public and private middle-market enterprises in many different industries.

We appreciate the PEEC's efforts to provide additional guidance related to situations involving the purchase, sale, merger, or discontinuance of a member's practice, especially in light of the increasing activity in these areas. We generally agree with the intention of the proposed Interpretation and the importance of maintaining the confidentiality of client information as required by ET 1.700.001. However, we have concerns related to the practicality of implementing some aspects of the proposed Interpretation, as described below.

We are concerned about the timing of client notification and transfer of client records in relation to a sale or merger transaction closing date, considering that the transfer of client records typically occurs at the date of closing. Transactions involving the sale or merger of a member's practice are often sensitive in nature, and a member selling or merging his or her practice typically prefers to notify clients only very near the closing date. However, the proposed Interpretation essentially would require the selling/transferring member to notify clients 90 days prior to an estimated closing date so that, in the absence of client response, the 90-day window has passed and the selling/transferring member is in a position to transfer the client records at closing.

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This potential length of advance notice a firm would need to provide of its sale or merger could have significant negative effects on the relationship between the client and the selling/transferring member. Such notification could place undue stress on the performance of services currently underway, as well as potentially result in the disruption of service, to the detriment of the client. Further, given that a transaction closing date sometimes can be difficult to precisely predict, in light of many other moving pieces, this requirement could present unnecessary challenges and potential delay in executing a sale or merger transaction. Finally, there could be circumstances in which the death or incapacity of a predecessor member makes it impossible for him or her to notify clients and obtain permission before transferring files to a successor firm. We recommend that the PEEC allow the successor firm to be an option for accomplishing the notification to the predecessor member's clients, while preserving the confidentiality of client information until permission is received.

In tandem with the requirements pertaining to the predecessor firm, the proposed Interpretation describes the responsibility of a member acquiring all or part of a practice (the successor firm) (1.400.205.03). Specifically, the proposal states that the successor firm "should be satisfied" that clients of the predecessor firm have been notified of the acquisition and have consented to the member's continuation of professional services and retention of any client files or records the successor firm retains. There may be practical limitations to the actions the successor firm is able to take to obtain such satisfaction, in particular in cases when the predecessor member was unable to provide such notification (for example, due to death or disability) or when the predecessor member did not retain records of notification or consent. We recommend that the PEEC clarify the intended meaning of the phrase "should be satisfied", and we suggest that it be based in the concept of applying "best efforts" to comply with the stated requirements.

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We hope that you find our comments and suggestions meaningful and we appreciate the opportunity to provide feedback. If you would like to discuss our comments further, please contact Erica Forhan in our Professional Practice Group at (206) 302-6826.

Very truly yours,

*Moss Adams* LLP