(**CASE 1-2** CONTINUED)

The FASB was criticized for politicization of accounting standards. Some saw it as a erosion of the independence of the accounting standard-setting process.

**Required**

a. The Emergency Economic Stabilization Act of 2008 was passed during a time of substantial stock market declines in the United States and the world. In your opinion, was Congress correct in directing a review of an accounting standard? Discuss.
b. Did the SEC play a proper role in addressing the standards that governed mark-to-market accounting? Discuss.
c. Did the SEC have the authority to change mark-to-market accounting for U.S. GAAP? Discuss.
d. Did the FASB follow its usual procedures in addressing the mark-to-market issue? Discuss
e. Is politicization of accounting standards justified under material economic turmoil? Comment.

## CASE 1-3 INDEPENDENCE OF ACCOUNTING STANDARD SETTERS

Speech by SEC Chairman:
Remarks before the AICPA National Conference on Current SEC and PCAOB Developments

*by*

Chairman Christopher Cox
*U.S. Securities and Exchange Commission*
Washington, DC
December 8, 2008

*Note:* Selected comments from Chairman Christopher Cox's speech are the basis for this case.

Good morning to all of you, and let me add my welcome to the AICPA's National Conference on Current SEC and PCAOB Developments. It is a pleasure to join you at this Conference once again. And while the Conference topics this year are focused as always on the cutting-edge issues that concern you in your practice, more than ever before the subjects that you'll cover this week are of great importance to our nation and the economy as a whole.

From issues such as fair value measurement, to the future of international accounting and reporting, to corporate governance and MD&A and the SEC's coming interactive data revolution, the Conference agenda is truly cutting edge and consequential. As leaders in your profession, I am especially grateful that you have taken the time to be here, in order to carry forward this important work and to help confront these challenges that concern not only our nation's economy but the world's.

I want you to know that the Securities and Exchange Commission is a strong supporter of your efforts, and that's why not only I, but also a range of top staff from the SEC, including our Chief Accountant, Conrad Hewitt; John White, the Director of the Division of Corporation Finance; Linda Thomsen, Director of the Division of Enforcement; and Jim Kroeker and Paul Beswick, our Deputy Chief Accountants, will be participating with you in this event.

The timing for the presentations you will hear could not be more critical. And since the issues you are addressing in your daily work go far beyond the normal conference agenda, to the very core of the financial turmoil in our financial system, it's fitting that the people who will be speaking are leading the efforts to help investors and markets manage through that turmoil with sound and consistent accounting standards.

The AICPA's 121-year history, dating back to 1887, makes this one of the oldest professional organizations in the country. From the founding of the American Association of Public Accountants, as it was then called, with a membership of only a few hundred to your more than a third of a million members today, the accounting profession has been vital to our nation's economic health and prosperity. Americans have always entrusted you with great responsibility, both individually and as a profession. And through thick and thin you have maintained their confidence.

*Source:* U.S. Securities and Exchange