



NEWS

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STATEMENT OF COMMISSIONER MICHAEL J. COPPS ON ACCOUNTING ISSUES

I am heartened by the Chairman's announced intention to convene a Federal-State Joint Conference on Accounting. This is something I have long advocated, and in light of the accounting depredations we have witnessed in recent months, it is absolutely essential. Time is of the essence, and I look forward to expeditious establishment of the Joint Conference so that it may begin addressing these critical issues within a very few weeks. The charter of the Joint Conference should be broad, instructing it to look anew at whatever accounting and audit authorities that federal and state regulators need to protect consumers and to ensure the integrity of the telecom network. It may well be that additional, rather than fewer, accounting procedures are required for the discharge of federal and state regulatory responsibilities. The Conference should also reconsider the scope of our rules to gauge whether limiting accounting rules generally to just dominant carriers, as is the case today, is sufficient for protection of the public interest in these changed and challenging times.

We must also remember that the clock is rapidly running out on a number of existing accounting requirements whose scheduled elimination, effective January 1, 2003, the Commission put in motion last year. We need a prompt, pre-elimination review of these requirements, taking into consideration what we have learned through the corporate accounting excesses that have come to light this summer. While several of these rules may remain good candidates for elimination, others may still be needed in light of what we have learned. I think consumers would feel more confident, and investors more secure, by a quick, but comprehensive, review. This could be the early task of the Joint Conference or, alternatively, a separate exercise. In either case, the input of our state colleagues is the prerequisite of a satisfactory outcome.

I am also pleased that we will put on hold all action to eliminate additional accounting requirements beyond 2003. I voted against last autumn's Notice of Proposed Rulemaking, which set the Commission on the road to further cut-backs in our accounting standards, because I thought it headed us in precisely the wrong direction. I feel even more strongly about it now amidst all the tawdry evidence of accounting practices gone wildly astray.

I look forward to working with my federal and state regulator colleagues, with the industry, and with all concerned stakeholders in crafting an accounting regime that will serve the best interests of us all.