



June 9, 2005

FFIEC  
Program Coordinator  
3501 Fairfax Dr. Room 3086  
Arlington, VA. 22226

RE: Interagency Advisory on the unsafe and unsound use of limitation of liability provisions and certain alternate dispute resolution provisions in external audit engagement letters.

To whom it may concern:

The Ohio Bankers League (the “OBL”) strongly supports the interagency advisory proposed by the FFIEC that will preclude accountants from including terms in audit engagement letters that would limit professional liability for negligent audit work. The OBL agrees with the regulators that these provisions constitute an unsafe and unsound practice.

The Ohio Bankers League is a non-profit trade association that represents the interests of Ohio’s commercial banks, savings banks, savings associations and their holding companies. The OBL has nearly 250 members that include the full spectrum of the financial services industry, from small savings associations that are organized as under mutual ownership or locally owned and operated businesses to large multistate holding companies that have several affiliates and do business from coast to coast. Many of our members regularly engage accounting firms to provide external audits, either because it is required by law or because management believes such audits are helpful management tools. The existence of any liability limitations will inevitably lead to the use of less thorough procedures than otherwise would be followed, thereby reducing the benefits of an external audit. As explained in further detail below, this would work to the detriment of financial institutions, our shareholders and the general public.

Banks and thrifts need to be able to rely on the external audits prepared by their accounting firms. This is a very reasonable expectation. If audit firms are permitted to limit their liability to financial institution clients however, this will not be the case. The best auditors and the more careful work will be devoted to those clients that have not signed away their legal rights. As a result, these limitations create an undue and unacceptable risk to the stability of the banking system. What is worse, the true cost of

accountant negligence will not disappear, but will merely be shifted from accounting firms and their insurers to the FDIC, and ultimately to all insured depository institutions.

This attempt by the accounting profession to limit its liability is contrary to public policy. Such disclaimer clauses would likely be found to be unenforceable in a court of law in Ohio. Professional firms here must live up to a certain recognizable standard of care. Medical and legal professionals are prohibited from disclaiming liability. The accounting industry should be no different.

The OBL agrees with the premise of the advisory that the proposal as written should apply to all financial institutions and to all audits, whether or not they are required by law. There is no good policy for protecting only certain financial institutions or permitting accountants to waive accepted professional standards on certain types of audits. Furthermore, in consultation with our members, we could not ascertain a valid business purpose for financial institutions to destroy their legal recourse for negligent professional work.

Since this proposed advisory is consistent with the policy already articulated by the SEC, the OBL urges the FFIEC and all of the financial service regulatory agencies to adopt this Advisory in final form as soon as possible.

Sincerely;

Jeffrey D. Quayle  
Senior Vice President & General Counsel