

Fordham International Law Journal

Volume 17, Issue 5

1993

Article 19

Closing Remarks

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CLOSING REMARKS

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I just want to thank you for coming and participating in this joint program between the Fordham Law School and the Fordham Graduate School of Business Administration. There is a kind of famous saying in the United States: "I've got some good news and bad news." In listening to the speakers today, I have some good points, some bad points, of themes that I heard come out of this meeting.

The good news is that people are not bypassing New York and the United States. If we held this conference four or five years ago, people would have said, "If you don't ease up the rules in the United States, we can go to Zurich, we can go to Tokyo, we can get the money anywhere we want." It sounds like that was more bravado.

The second good point is the idea that there just seems to be misinformation, and once that is cleared up, there will be more companies coming to the United States for money. The numbers we heard today are certainly encouraging.

That leads to my third point, which is that the SEC now seems to be simplifying the rules and making it easier. As I heard it today, the SEC is in a more cooperative mode.

The last good point is there are going to be more fees in this for the listing of people that were put up on the board this morning by Bill regarding investment bankers, lawyers, and accountants.

But with the good news I heard bad news. First of all, Fordham Law School, and to some extent the Business School here, have focused on a global concept. Professor McKenna certainly represented that from the tax standpoint. But I heard here that we are really talking about a cultural shift, we're not talking

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about an economic shift. Everyone is listening to these rules with their own national culture in mind and trying to see how they can make the globalization come their way.

Professor Karmel mentioned the harmonization of accounting rules. In the accounting area we talked about harmonization, but everybody is really saying, "Do it my way — in other words, harmonize it around *my* rules." I don't think that is going to happen. Although it may not be all that important because Ms. Rader mentioned something I think is more important here, on the down side, and that is that accounting firms don't get sued generally for having misconstrued the accounting rules; they get sued for bad audits. The auditing situation around the world is not harmonized by any stretch of the imagination. Auditing was mentioned this morning as one of the more uncomfortable things that is going on.

I think for this process to accelerate and for this bad news to be ameliorated to some extent, there has to be some way international accounting firms can do their jobs doing audits in accordance with German auditing standards, Japanese auditing standard, Korean auditing standards, without becoming the "deep pockets" of every company that bellies-up around the world. Now they're just the "deep pockets" for U.S. companies that belly-up. To become the "deep pockets" for global bellying-up, I don't think that dog will hunt.

So I think accounting firms — and that has been my profession — will be very nervous about getting into this. There will be more fees. On the other hand, will they be enough to cover their insurance premiums? People tend to be tigers at the beginning of situations like this. But when a company goes bad, management's gone, creditors are screaming, who's around to pay the bills? If what we have in the United States on litigation is replicated on a global basis, you can kiss the "Big Six" good-bye.

Now, having said all that, I don't think it is all that bad. I think the international accounting firms certainly have the resources and the capability to do good, professional work. But to be held to what standard? And it may well be the thing for this audience to look out for is the "bomb" — in other words, the first big global corporation that registers its securities in the United States and goes bankrupt, then watch what people outside the United States who put their money into companies

like this are going to do with regard to, "Where can we sue the auditors?" That part of it is going to, in effect, set the history on the economics of this practice.

I thank you very much for coming to Fordham. Particularly I think I should ask you on behalf of the audience to thank Professor Katsoris and Professor Sharpe for conducting a great Conference. Thank you.