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I am a CPA, served on the Accounting Principles Board, the only analyst to do so, and have been a financial analyst, investment adviser and investor for 57 years.

I believe a shift to International Financial Accounting Standards would be a serious blow to investors. It would compromise investor protection. It has been demonstrated by Jack T. Ciesielski that 63% of a survey of 137 foreign companies [2006] increased their earnings by 11% over GAAP using IFRS. Less publicized, he also showed that 34% of the companies produced lower earnings under IFRS than under GAAP. How do investors incorporate this into their buy-sell decisions? Do they simply say GAAP of prior years is irrelevant, should be discarded and that IFRS is the new reality?

Instead of shifting to a system that has more "wiggle room" we should tighten standards. Instead of shifting to a system that promises more "professional judgment" we should tighten standards. "Professional judgment" was the rallying cry in the early 1970s of those who wanted to be able to sway the reporting of earnings. We don't need accountants in the driver's seat, sometimes going one way, sometimes another way. Outsiders should be able to opine based on the standards.

Instead of requiring reconciliation of IFRS to GAAP in every reporting period the SEC has abandoned the annual requirement. What could be useful data, timely data, is not considered. Investors now face a proposal that will widen areas of difference by having some US companies on GAAP and some on IFRS. Concern exists over training accountants, changing the curriculum, changing CPA exams. What is done for the investor? Sink or swim? How does this proposal protect investors?

Much is made of lower costs but I have seen no study of those costs. And if there were such a study I would want it audited, to determine what is really marginal, incremental, that could be eliminated. Isn't there a significant benefit to a corporation in access to the US market, the US investor? It behooves those who wish to do so to pay a price for that privilege.

IFRS is treated as the Holy Grail. Yet there are exceptions made in some countries [29 according to Business Week] because of national interests. Why adopt a system that itself isn't uniform?

As for the need for more principles and less detailed cookbook rules it is merely necessary to add a paragraph at the end of each of our standards that situations not specifically covered by the standard should be interpreted in accordance with the principles enunciated. Obvious, but that added emphasis should give pause to investment bankers, accountants and others looking for loopholes.

Moreover, attempts in the past to impose a new accounting system, a new set of principles, have failed. The SEC adopted price level accounting [footnotes] but gave that up; it was costly and lacked usefulness. Faced with major political opposition the SEC tried to compromise the full cost controversy in the oil industry with reserve recognition accounting. That too failed.

The proposal is unfriendly to investors, a blow to investor protection, a boon to those who want more leeway in their accounting. The proposal should be withdrawn.