July 5, 2006

Office of the Chief Accountant
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

Re: Deloitte & Touche LLP/Deloitte Tax LLP/Deloitte & Touche Acquisition Company LLC

Ladies and Gentlemen:

We hereby request that the Staff of the Office of the Chief Accountant (the "Staff") of the Securities and Exchange Commission (the "Commission" or "SEC") advise that, based upon and subject to the matters referred to herein, it will not recommend that the Commission take enforcement action against Deloitte & Touche LLP, a Delaware limited liability partnership ("D&T"), Deloitte Touche Tohmatsu, a Swiss Verein ("DTT"), or any of DTT's member firms or its or their respective subsidiaries or any other firms conducting audit activities for SEC registrants under the name "Deloitte Touche Tohmatsu," "Deloitte & Touche," "Tohmatsu" or other combinations or derivations thereof or otherwise as part of the DTT network of firms or "accounting firms"[1] (each such firm, a "DTT Entity," and collectively, for the purposes of this letter only, "DTT Entities"),[2] asserting that either D&T or any DTT Entity is not "independent" based upon the attribution to D&T or any DTT Entity of the activities of Warburg Pincus Private Equity IX L.P., a Delaware limited partnership, or any of WPIX's subsidiaries or affiliates (such subsidiaries and affiliates are referred to herein individually and jointly as "WPIX"). As described in more detail herein, WPIX proposes to acquire from D&T, Deloitte Tax LLP, a Delaware limited liability partnership ("Deloitte Tax"), and Deloitte & Touche Acquisition Company LLC, a Delaware limited liability company ("D&T Acquisition," and together with D&T and Deloitte Tax, the "Sellers"), (1) all the membership interests in Deloitte & Touche Tax Technologies LLC, a Delaware limited liability company ("DT3"), which conducts a business of developing, marketing, and licensing certain software products for companies that are primarily in the Fortune 1000 (the "DT3 Business"), and (2) Deloitte Tax's Tax Technology Services division, which implements, customizes and offers assessment and training services with respect to customized income tax

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1 As such term is defined pursuant to Rule 2-01(f)(2) of Regulation S-X, 17 C.F.R. § 210.2-01(f)(2) (2002).

2 The term DTT Entity includes any other entity that would be subject to the Commission's independence rules as defined in Rule 2-01(f)(2) of Regulation S-X.

compliance and planning solutions, including implementation services related to CORPTax software, CORPTax ETS software, CORPInternational software and CORPTax ETS MART, and tax process optimization (TPO) services (the "TTS Business" and together with the DT3 Business, the "Business").

WPIX is a private equity investment fund sponsored by Warburg Pincus LLC, a global private equity firm. On May 26, 2006, Sellers and an indirect subsidiary of Warburg Pincus Private Equity IX L.P. (the "Buyer ") executed a Purchase Agreement (the "Purchase Agreement") relating to the completion of a transaction under which Sellers will sell to the Buyer for cash, to be paid at closing, all of the outstanding membership interests in DT3 and certain assets and liabilities of Sellers and their affiliates relating primarily to the TTS Business. Completion of the sale and the related activities contemplated by the Purchase Agreement are subject to various conditions, including the receipt of a no-action letter from the Staff that responds to this letter.

The aforementioned sale and the related activities and other agreements contemplated by the Purchase Agreement, together with the Conditions to No-Action Confirmation listed below, are referred to collectively as the "Transaction." We believe that the terms of the Transaction serve as a basis for the Staff to grant the relief requested.

Legal Analysis

The federal securities laws require that financial statements filed with the Commission by public companies, investment companies, broker-dealers, public utilities, investment advisers and others be certified (audited) by independent registered public accounting firms.[3] The Commission has adopted Rule 2-01 of Regulation S-X[4] regarding the independence of accountants. The general standard set forth in Rule 2-01(b) provides that:

> The Commission will not recognize an accountant as independent, with respect to an audit client, if the accountant is not, or a reasonable investor with knowledge of all relevant facts and circumstances would conclude that the accountant is not, capable of exercising objective and impartial judgment on all issues encompassed within the accountant's engagement.

Rule 2-01(b) further provides that:

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[3] *See*, *e.g.*, 15 U.S.C. §§ 77aa (25) and (26), 78l, 78q, 78m, 79e(b), 79j, 79n, 80a-8, 80a-29, and 80b-3(c)(1).

[4] 17 C.F.R. § 210.2-01 (2002). Under Rule 2-01(f)(1), the term "accountant" includes "any accounting firm with which the certified public accountant or public accountant is affiliated." *Id*. § 210.2-01(f)(1).

> In determining whether an accountant is independent, the Commission will consider all relevant circumstances, including all relationships between the accountant and the audit client, and not just those relating to reports filed with the Commission.

The preliminary note to Rule 2-01 states that, in considering the standard set forth in Rule 2-01(b), the Commission looks to, among other criteria, whether the relationship or the provision of the service "creates a mutual or conflicting interest between the accountant and the audit client."[5] Rule 2-01(c) applies the standards set forth in Rule 2-01(b) to particular circumstances that are considered to impair an accountant's independence.[6] For example, Rule 2-01(c)(1) provides that an accountant will not be considered independent if "the accountant has a direct financial interest or a material indirect financial interest in the accountant's audit client . . . ." In addition, Rule 2-01(c)(3) provides that:

> An accountant is not independent if, at any point during the audit and professional engagement period, the accounting firm or any covered person in the firm has any direct or material indirect business relationship with an audit client, or with persons associated with the audit client in a decision-making capacity, such as the audit client's officers, directors or substantial stockholders.

For purposes of Rule 2-01, "accounting firm" means "an organization . . . that is engaged in the practice of public accounting . . . and all of that organization's departments, divisions, parents, subsidiaries, and *associated entities*, including those located outside of the United States."[7] Although the phrase is not expressly defined by rule, the Commission has stated that it intends the phrase "associated entity" to:

> reflect our staff's current practice of addressing these questions in light of all relevant facts and circumstances, looking to the factors identified in our staff's previous guidance on this subject. While the rules we adopt do not provide accounting firms with the certainty of our proposed rule, we are convinced that a more flexible approach is warranted as the types and nature of accounting firms' business arrangements continue to develop.[8]

As part of this guidance, the Commission also cited numerous prior no-action letters that had been issued to address the separation of consulting businesses from accounting

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5 *Id*. § 210.2-01 (para. 2 of Preliminary Note).

6 *See* 17 C.F.R. § 210.2-01(c).

7 17 C.F.R. § 210.2-01(f)(2) (emphasis added).

8 Financial Reporting Release No. 56, *Revision of the Commission's Auditor Independence Requirements*, at 65 (Nov. 21, 2000), 65 Fed. Reg. 76,008, 76,059 (Dec. 5, 2000) (footnote omitted).

firms.[9] In the prior no-action letters, the Staff has examined whether the firms are associated entities by considering such factors as whether: (1) the accounting firm has any ownership interest in the consulting firm; (2) there are restrictions on the use of the accounting firm's name by the consulting firm; (3) the firms' corporate governance structures are separate; (4) there is any revenue sharing between the firms; (5) there are any joint marketing agreements between the firms; and (6) there will be any ongoing shared services between the firms.

On July 30, 2002, the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") was enacted. Title II of the Sarbanes-Oxley Act, entitled "Auditor Independence," required the Commission to adopt, by January 26, 2003, final rules under which certain non-audit services were prohibited, conflict of interest standards were strengthened, audit partner rotation and second partner review requirements were strengthened and the relationship between the independent auditor and the audit committee was clarified and enhanced. Congress, however, left existing guidance relating to the definitions of "accounting firm" and "associated entity" untouched. In its final rulemaking to incorporate Title II of the Sarbanes-Oxley Act into its rules and regulations, the SEC also did not amend or modify its definitions of "accounting firm" and "associated entity."[10] Consequently, Rule 2-01 continues to direct firms to refer to the Staff's practice of addressing these questions in light of all relevant facts and circumstances, looking to the factors identified in the Staff's previous guidance on this subject.

The Commission's interpretations of Rule 2-01 are also collected in Section 600 of the *Codification of Financial Reporting Policies* (the "Codification"), entitled "*Matters Relating to Independent Accountants.*"[11] Section 602.02.e of the Codification addresses business relationships, such as joint ventures, limited partnership agreements and investments, that may impair an auditor's independence. That section provides, in part, that:

> Direct and material indirect business relationships . . . with a client . . . will adversely affect the accountant's independence with respect to that client. Such a mutuality or identity of interests with the client would cause the accountant to lose the appearance of objectivity and impartiality in the performance of his audit because the advancement of his interest would, to some extent, be dependent upon the client.

D&T seeks the assurance of the Staff that, following the Transaction, as more fully described below, WPIX would not be considered an associated entity of D&T or

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9 *Id*. at n. 491 (citing various no-action letters).

10 *See* Financial Reporting Release No. 68, *Final Rule: Strengthening the Commission's Requirements Regarding Auditor Independence* (Jan. 28, 2003), 68 Fed. Reg. 6,006 (Feb. 5, 2003).

11 *Codification of Financial Reporting Policies, Section 600-Matters Relating to Independent Accountants*, reprinted in Fed. Sec. L. Rep. (CCH) ¶ 73,251, et seq.

any DTT Entity, such that, to the extent that WPIX, or any officer, director, employee or other affiliated person of WPIX, licenses any Business assets or provides services to, enters into any other business relationship with, or invests in or accepts investment from, an audit client of D&T or a DTT Entity, the independence of D&T and the DTT Entities will not be deemed impaired pursuant to Rule 2-01 and Section 602 of the Codification, or other provisions or interpretations of the Commission's independence rules.

D&T believes that, under the conditions detailed in this letter, WPIX would not be considered an associated entity of either D&T or any DTT Entity under the terms and conditions governing the Transaction and that neither D&T nor any DTT Entity would have a "mutuality of interest" or a "direct or material indirect business relationship" with, or a "direct financial interest or material indirect financial interest" in, any of its audit clients as a result of the activities of WPIX or its officers, directors, employees or other affiliated persons (which activities include, without limitation, licensing Business assets and providing services to, entering into any other business relationships with, and making or receiving investments in or from third parties). This conclusion is based on the representations and conditions detailed in this letter, which, among other things: (1) prohibit any equity interest in WPIX by Sellers (or any other DTT Entity); (2) impose limitations on the use of Sellers' names and other DTT Entities' names by WPIX; (3) require a strict separation of the corporate governance, management, and financial structures and interests between Sellers and the DTT Entities, on the one hand, and WPIX, on the other; (4) prohibit any revenue or profit sharing or any joint marketing between Sellers and the DTT Entities, on the one hand, and WPIX, on the other; and (5) limit services between Sellers and the DTT Entities, on the one hand, and WPIX, on the other, relating to the Business to those that are transitional in nature or that are covered by license agreements (the "Licenses") between WPIX and certain DTT Entities.

Factual Background

As described above, on May 26, 2006, Sellers and the Buyer executed a Purchase Agreement relating to the completion of the Transaction. As a result of the Transaction, neither Sellers, including without limitation D&T, nor any other DTT Entity will hold any equity interest in the Business. In addition, neither WPIX nor any officer, director, employee nor other affiliated person of WPIX will hold any equity interest in Sellers or any DTT Entity.

Other key terms of the Transaction are:

1. Upon the completion of the Transaction, there will be no continuing corporate governance, management or direct or indirect financial interests between Sellers and any DTT Entity, on the one hand, and WPIX, on the other, other than

(a) payments contemplated by the Licenses, (b) the transition services agreements described below, and (c) a sub-lease arrangement described below.

2. For a period of five years after the closing date of the Transaction, Sellers have agreed to a non-compete provision with respect to (i) the development and/or licensing of commercial United States income tax preparation software products that directly compete with the products currently licensed or provided by the Business or currently under development by or on behalf of the Business to the extent owned by DT3 upon consummation of the closing of the Transaction, and (ii) installing software products commercially licensed by DT3 to third parties as of the execution date of the Purchase Agreement, except pursuant to agreements entered into by any of Sellers prior to the closing date of the Transaction or with the Buyer's consent. The non-compete provision contains certain exceptions as specified in the Purchase Agreement.

3. Effective as of the closing date of the Transaction, the Buyer will continue the employment of each DT3 employee. Prior to the closing date of the Transaction, the Buyer will offer employment to specified partners and firm directors of Sellers and to substantially all employees of the TTS Business, with employment commencing on the closing date of the Transaction. Partners and firm directors who accept such employment will complete appropriate separation arrangements effective on the closing date of the Transaction.

4. Sellers have agreed to a no-hire provision with respect to all transferred partners and principals for a period of 18 months after the closing of the Transaction and a non-solicitation provision with respect to all other transferred employees of the Business for a period of three years after the closing date of the Transaction. The Buyer has agreed to a non-solicitation provision with respect to those partners, principals and employees of the Business whose employment is not transferred in connection with the Transaction for a period of three years after the closing date of the Transaction.

5. Subject to applicable independence limitations, Sellers, or certain affiliates of Sellers, and the Buyer will enter into transition services agreements not to exceed 18 months in duration, effective on the closing date of the Transaction.

Copies of the draft Purchase Agreement and certain ancillary documents have been provided under separate cover and are subject to a confidential treatment request.

Conditions to No-Action Confirmation

D&T requests that, subject to compliance with the following conditions, the Staff not recommend enforcement action to the Commission based upon the attribution

to D&T, or any other DTT Entity, of the activities of WPIX after the completion of the Transaction.

1. As a result of the Transaction, neither Sellers nor any partner or principal of Sellers, nor any other DTT Entity or any partner or principal thereof, has received or will receive any equity interest in WPIX, and as a result of the Transaction, neither WPIX nor any officer, director, employee or other affiliated person of WPIX will receive or retain any equity interest in Sellers or any other DTT Entity.

2. WPIX will not be entitled to use Sellers' or its affiliates' or related entities' names or logos, or any trademarks, trade names or service marks ("Marks") (a) containing any of the "D&T," "Deloitte," "Touche" or "Tohmatsu" names or any derivatives thereof, or (b) used in the business of any Seller, their affiliates or related entities (excluding for purposes of clause (b) any Marks used exclusively in the Business). Notwithstanding the foregoing, the Buyer will be permitted to make reference to the former affiliation of the Business with Sellers after the closing date of the Transaction and to use certain of the Marks pursuant to the transition services agreements, subject in each case to certain limitations. Neither Sellers, including without limitation D&T, (or any other DTT Entity) nor WPIX will be authorized to represent that they are the same firm or that either is controlled, managed or governed by or affiliated with the other party.

3. Sellers and WPIX have maintained and will continue to maintain separate corporate governance, management, and financial structures and interests, including separate boards of directors (including no contractual or other right of Sellers, including without limitation D&T, (or any other DTT Entity) to representation on the board of directors or governing body of WPIX), executives, employees, capital, credit lines or facilities, governing documents, operating policies, financial operations and financial and accounting policies. Neither Sellers, including without limitation D&T, (or any other DTT Entity) nor WPIX will be entitled to exert any financial or other influence over the other party's corporate governance, management, financial structures or interests.

4. Neither Sellers nor any other DTT Entity (other than pursuant to the terms of the Purchase Agreement, the transition services agreements, the Licenses and related agreements) will be entitled to accrue, pay to or receive from WPIX any royalty, interest, dividend or other payment relating to the Transaction, whether or not tied to the performance of WPIX. In addition, neither Sellers nor any other DTT Entity will share profits or revenues with WPIX from consulting or any other engagements or agreements related to the Transaction. After the completion of the Transaction and prior to the date that Sellers or their

associated entities cease to provide certain transitional services to the Buyer (as described in paragraph 7 below), WPIX will not be entitled to enter into any prime/subcontractor relationship with Sellers or any other DTT Entity to provide professional services to the same client, except that any existing prime/subcontractor relationships may be completed in accordance with their existing terms provided that such relationships do not include any services prohibited under the Commission's and the Public Company Accounting Oversight Board's auditor independence rules and the terms of such relationships do not extend beyond 18 months following the closing date of the Transaction.

5. Sellers (and the DTT Entities) and WPIX may, but are under no obligation to, refer clients to one another. Neither Sellers nor any other DTT Entity will be authorized to designate WPIX as a preferred provider of services. Referral fees or other compensation for referrals will not be paid by Sellers or any other DTT Entity to WPIX or vice versa, nor will either of Sellers or any other DTT Entity, on the one hand, or WPIX, on the other, pay any such fees or compensation to any subsidiary, affiliate, employee or agent of the other as a result of the Transaction. WPIX has not and will not enter into any co- or joint-marketing, advertising or similar agreements or arrangements with Sellers or any other DTT Entity that are not permissible under the SEC's independence rules at such time.

6. Subject to the non-compete provision referred to in paragraph 9 below and to the provision referred to in the last sentence of paragraph 4 above, Sellers and other DTT Entities may continue to provide services to portfolio companies of WPIX, as well as business customers of WPIX, under separate engagements with such companies, and WPIX may continue to provide services to clients of Sellers and any of the DTT Entities under separate engagements between WPIX and such clients.

7. Sellers, or certain affiliates of Sellers, and the Buyer will enter into separate transition services agreements for a limited period of time not to exceed 18 months after the closing date of the Transaction, including a master subcontractor agreement pursuant to which the Buyer will provide services for Sellers or other DTT Entities in connection with specified contracts that are not transferred to the Buyer (which include tax software implementation and licensing services to be provided by the Buyer), and Sellers or other DTT Entities will provide services for the Buyer in connection with specified contracts that are transferred in connection with the Transaction (which include tax consulting services to be provided by the Seller), which in the aggregate represents an insignificant number and dollar value of the contracts and licenses that relate to the Business. During this period, transitional services will be provided by certain Sellers, and associated entities, at the request of the Buyer.

An affiliate of Sellers and the Buyer will enter into sub-lease arrangements for office space currently occupied by the Business, in connection with the Transaction, and the sub-lease arrangements provide that WPIX will pay the pro rata cost of such space, including related services and capital costs, based on the total square footage of the facilities used by the Business that are subject to the sub-lease arrangements. The sub-lease arrangements will not extend beyond the current term of the existing main leases. Neither WPIX nor Sellers (or any of their affiliates or related entities) will enter into new leases or new sub-leases relating to the Business with the other for office space after the closing date of the Transaction.

8. Sellers will consent to any necessary reviews by the Staff or an appropriate independent party designated by the Commission or the Staff (such as the Public Company Accounting Oversight Board) to ascertain compliance with the conditions herein provided.

9. Sellers will be bound by the non-compete provision contained in the Purchase Agreement, which provision will extend for five years from the closing date of the Transaction.

10. WPIX will have no obligations to Sellers or any other DTT Entity in connection with any retirement benefits to continuing or former partners, principals or employees of Sellers or such DTT Entity, as a result of the Transaction. Neither Sellers nor any other DTT Entity has or will have any obligations to WPIX in connection with any retirement benefits to continuing or former partners, principals or employees of Sellers or any other DTT Entity, as a result of the Transaction.

11. In accordance with the terms set forth in this letter, on the date that Sellers, or their affiliates, no longer provide transitional services to the Buyer, Sellers and WPIX will be free to contract and enter into business relationships with each other as would any other independent entities.

Certain Confirmations

In connection with the request herein, each of D&T and WPIX, insofar as each item relates to it, confirms to the Staff that:

1. After the closing date of the Transaction, D&T and the DTT Entities will continue to be subject to the independence requirements of the securities laws and the SEC's independence rules and interpretations issued thereunder to the same extent that they were so subject prior to the closing date of the Transaction.

2. D&T agrees to the above conditions, and D&T has communicated the above conditions to DTT. D&T has furnished a copy of this letter (and will forward any no-action letter on this subject) to WPIX. WPIX will expressly acknowledge that it has been furnished a copy of this letter. D&T further represents to the Staff that it is not aware of any provision of the Purchase Agreement described herein, or of any agreement or instrument referred to therein, that is inconsistent with this request.

3. D&T will furnish the Staff with a copy of the final Purchase Agreement (including without limitation any schedules thereto) and copies of final forms of the ancillary documents provided in connection with this letter and hereby represents to the Staff that the final executed versions of the Purchase Agreement (including without limitation any schedules thereto) and those ancillary documents will not differ from the versions so furnished in any respect material to the matters referenced in this letter.

Confirmation Requested

Based upon the representations contained herein and in the materials provided herewith, and subject to compliance with the foregoing conditions, we hereby request that the Staff advise that the Office of the Chief Accountant will not assert or recommend enforcement action that asserts that D&T's or any DTT Entity's independence has been impaired to the extent that WPIX or any of its officers, directors, employees or other affiliated persons licenses any of the Business assets or provides any services to, enters into other business relationships with, or invests in or accepts investments from, any audit clients of D&T or any of the DTT Entities. We fully understand that if the Staff takes a no-action position, that position will be based on the representations and conditions set forth in this letter and compliance with the material terms of the Purchase Agreement, including all agreements referenced therein or related thereto. We further understand that failure to comply with any of these conditions would invalidate the relief granted by the Staff in response to this request as of the date the Staff's relief was communicated to D&T.

* * * *

Certain matters described above have not yet been publicly announced. Accordingly, pursuant to 17 C.F.R. § 200.81(b), we hereby request confidential treatment of the contents of our communications with the Staff with respect to all issues relating to this letter (the "Confidential Material") until a date 120 days after release of your response to us, or such earlier date as the Staff is advised by us that all of the information contained in the Confidential Material has been made public. However, if the Staff determines to grant the no-action relief requested herein, we understand and agree that this letter and the text of the Staff's response to this letter may be made public immediately. In addition to this request for confidential treatment, we will

request, under separate cover, confidential treatment for the Purchase Agreement and other material furnished to you in connection with this letter pursuant to the provisions of 17 C.F.R. § 200.83.

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If for any reason you do not concur with the views expressed in this letter, we respectfully request an opportunity to discuss this matter with the Staff prior to any written response to our letter. If you have any questions or need additional information concerning the foregoing, please do not hesitate to call Scott Bayless of D&T at (202) 879-5315, or Doug Cox of Gibson, Dunn & Crutcher LLP at (202) 887-3531, who have been asked to facilitate answering any questions you may have.

Sincerely,

Deloitte & Touche LLP By:

copy to: W. Scott Bayless – Deloitte & Touche LLP
Douglas R. Cox – Gibson, Dunn & Crutcher LLP