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Committee on Energy and Commerce
Washington, DC 20515–6115

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DAVID V. MARVENTANO, STAFF DIRECTOR

May 7, 2002

The Honorable Harvey L. Pitt
Chairman
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Mr. Eugene D. O'Kelly
Chairman and Chief Executive
KPMG LLP
345 Park Avenue
New York, New York 10154-0102

Dear Chairman Pitt and Mr. O'Kelly:

Pursuant to our jurisdiction over accounting standards, consumer protection, energy, and interstate and foreign telecommunications, the Committee on Energy and Commerce has been investigating the causes and effects of the Enron and Global Crossing collapses, as well as the implications of the burgeoning incidences of accounting frauds corrupting our markets. Accordingly, we took notice of the Securities and Exchange Commission's (SEC) civil fraud injunctive action and settlement last month regarding Xerox Corporation whose auditor, during the relevant time frame, was KPMG. In that context, we are writing to express our grave concerns about recent press reports, "Pitt Defends Meeting With KPMG Chairman," Washington Post, Tuesday, May 7, 2002 at E1; "Concerns About SEC Chairman Mount," Wall Street Journal, Monday, May 6, 2002 at C1; "S.E.C. Chief Denies Report From KPMG," New York Times, Saturday, May 4, 2002 at B1; and "KPMG Chief Defends Xerox Audit in Talk With SEC Chairman Pitt," Bloomberg, May 3, 2002, about a private meeting between you two that allegedly wandered into inappropriate subject matter and was not cut off.

We request a full report from each of you as to the circumstances of this meeting, including identification of all parties present and what was discussed. In the case of the SEC, we also request a report from the agency's General Counsel as to the controls that have been put in place to ensure compliance with relevant ethics, conflict-of-interest, and recusal rules, including to ensure that there are no inappropriate contacts between Chairman Pitt and his former clients,

and how those controls were applied and actually operated in the context of this meeting. We would appreciate receiving this information by the close of business on Friday, May 17, 2002.

Please fax the responses to Sharon Davis, Chief Minority Clerk, at (202) 225-2525 or hand deliver to Ms. Davis c/o the Committee on Energy and Commerce Democratic Staff, 2322 Rayburn House Office Building, Washington, D.C. 20515. Due to significant delays in postal deliveries on Capitol Hill, we ask that your response not be sent through the postal service.

Thank you for your cooperation and attention to our request.

Sincerely,

John D. Dingell
Ranking Member

Edward J. Markey
Ranking Member
Subcommittee on Telecommunications and the Internet

Edolphus Towns
Ranking Member
Subcommittee on Commerce, Trade, and Consumer Protection

cc: The Honorable W.J. "Billy" Tauzin, Chairman
Committee on Energy and Commerce

The Honorable Fred Upton, Chairman
Subcommittee on Telecommunications and the Internet

The Honorable Cliff Stearns, Chairman
Subcommittee on Commerce, Trade, and Consumer Protection

The Honorable Michael G. Oxley, Chairman
Committee on Financial Services

The Honorable John J. LaFalce, Ranking Member
Committee on Financial Services

The Honorable Richard H. Baker, Chairman
Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises

The Honorable Paul E. Kanjorski, Ranking Member
Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises