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December 14, 2011

Sent via e-mail: comments@pcaobus.org

Office of the Secretary
PCAOB
1666 K Street, N.W.
Washington, D.C. 20006-2803

Re: PCAOB Rulemaking Docket Matter No. 37

Lennar Corporation appreciates the opportunity to comment on the PCAOB's Concept Release on Auditor Independence and Audit Firm Rotation (the "Concept Release"). We are supportive of the PCAOB's goals of continuously increasing audit quality and protecting investors. We believe that mandatory audit firm rotation would be ineffective in accomplishing those goals. We also believe there are potential unintended consequences that the PCAOB should consider, including the potential for decreasing audit quality and increasing costs.

The Concept Release questions whether mandatory audit firm rotation requirements could reduce audit failures, but also acknowledges there is not a clear link between auditor tenure and audit failures. The release notes that the root causes of audit failures are complex and that the PCAOB plans to explore those causes further in upcoming inspections, a logical next step in the evolution of the PCAOB's inspection process. Obtaining more information about the underlying factors associated with audit failures could improve the remediation process and provide the additional insight into potential enhancements discussed in the Concept Release.

We are concerned that mandatory audit firm rotation will create unnecessary burdens on companies and audit firms. An audit firm makes a substantial resource commitment in order to audit a company, from significant staffing requirements to development of industry specific expertise. In our opinion, industry expertise combined with institutional knowledge gained over time significantly enhances the quality of the audit. It is possible that mandatory audit firm rotation could create a shortage of audit firms that would possess the requisite industry expertise, and certainly would require selection of an auditor with less knowledge of specific company risk areas. Ironically, required rotation could create a complacent attitude among firms who might be "guaranteed" a place in the rotation simply as a function of supply and demand. Registrants might find themselves competing against other registrants in the industry as we attempt to secure bids from audit firms with adequate industry knowledge. Mandatory rotation could require choosing a less qualified auditor with less institutional knowledge. This may actually decrease audit quality, while creating significant administrative burdens and additional costs associated with firm rotation.

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We believe the current rigorous PCAOB inspection process provides a strong incentive to perform quality audits. In addition, audit firms maintain an extensive internal quality review process, and partner rotations are mandatory, which reinforces auditor independence and objectivity. We do not believe mandatory audit firm rotation requirements will have any measurable positive impact on the PCAOB's goal of improving audit quality and may in fact decrease audit quality, which will make the unavoidable added costs of mandatory firm rotation impossible to justify.

Lennar appreciates the PCAOB's careful consideration of this issue.

Respectfully,



Bruce E. Gross
Vice President & Chief Financial Officer