

JULY 25, 2002

SCHAKOWSKY: "BETTER LATE THAN NEVER"

TOUGH CORPORATE ACCOUNTABILITY BILL FINALLY PASSES IN REPUBLICAN-CONTROLLED HOUSE

WASHINGTON, D.C. - Months after thousands of workers and investors lost jobs and hundreds of millions of dollars, the Republican-controlled House of Representatives finally approved tough corporate and auditor accountability legislation.

U.S. Representative Jan Schakowsky (D-IL), said, "As a member of the Financial Services Committee, I hate to say 'I told you so.' After voting unanimously to oppose almost the same bill in April, House Republicans finally joined Democrats in taking the first step to restore investor confidence by cleaning up corporate accounting practices."

"We could have done this months ago, but now we are playing catch up because of the GOP. Our work will not be finished until there is pension security, stock options reforms, and government corporate watchdogs who are not tied to Enron and other corporate thieves. Until he fires Harvey Pitt and aggressively pursues these reforms, President Bush is standing in the way of real protections for consumers, investors, and workers," Schakowsky added.

The Accounting Industry Reform bill includes:

1. A Strong Accounting Oversight & Auditor Independence

- Establishes public auditing regulatory board.
- Ensures that audits are independent.
- Ends stock analysts' conflicts of interest.
- Expands SEC resources by authorizing \$776 million for the SEC for FY 2003.

2. Corporate Responsibility Standards

- Holds CEOs accountable for honest bookkeeping by requiring the CEO and CFO to certify the financial statements.

- **Bars officers and directors who violate the Securities and Exchange Act from moving from company to company.**
- **Prohibits corporations from making insider loans to their executives.**
- **Requires timely reports when corporate insiders dump stock and Bans CEOs from selling stock during blackouts.**
- **Requires real time disclosure of financial information.**

3. Imposes Tough Criminal Penalties for Corporate Wrongdoing

- **Criminal penalties for securities fraud and for altering, destroying, or failing to maintain documents.**
- **Gives shareholders adequate time to pursue securities fraud.**
- **Protects whistleblowers.**
- **Compensates victims of securities fraud.**