

APRIL 24, 2002

**SCHAKOWSKY CALLS POST ENRON ACCOUNTING REFORM BILL A "SHAM"**

WASHINGTON, D.C. - U.S. Representative Jan Schakowsky (D-IL) today said that the House missed an opportunity to protect investors and pension holders from conflicts of interest and corporate greed. The following is Schakowsky's Congressional Record statement in opposition to the Corporate and Auditing Accountability Act and in support of the Democratic alternative that would have offered meaningful protections for consumers.

*I am dismayed that the Republican leadership of this body has not responded to the widespread corruption in our financial markets. The Republican so called "reforms" bill will not protect investors and pension holders from conflicts of interest and corporate greed. By failing to enact meaningful reform we are failing the American people.*

*We all know that if not for Enron's collapse we would not consider these important matters today. I am concerned that some want to characterize the Enron collapse as just a case of one bad actor in the market place. I disagree with that interpretation. Enron's collapse has systemic causes. Corporate board of directors, Wall Street analysts, and the big five accounting firms all have an economic incentive to provide biased analysis of large, profitable companies.*

*Enron used its political ties to persuade the government to carry out its business plan. Just take a look at California, President Bush, his regulators, and congressional Republicans opposed price caps for consumers while Enron manipulated the market, causing the California energy crisis. Enron had incredible access to the White House. President Bush has received over \$736,000 throughout his career as an elected official. Vice President Cheney had at least six meetings with Enron officials while drafting the Administration's energy plan. Enron's economic and political power effectively muted people who were skeptical of the company's economic stability. Enron is not an isolated case and this is not only a business scandal it is also a political scandal.*

*The fact of the matter is we do not have the laws and procedures in place to protect common investors. I have little doubt that corporate executives' greed and deception will victimize more people. We in Congress cannot simply rely on free market dogma. The American people deserve better than this sham of a reform bill.*

*I am a member of the Financial Services committee and I voted against final passage of this cosmetic excuse for a bill. I am dismayed to report that Republican's on the committee refused to even pass an amendment that called for CEO's and CFO's to certify financial statements. I think most Americans would be surprised to learn that this is not a requirement that already exists.*

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***Employees and pension managers must be involved in corporate decision making. Boards that are dominated by corporate executives are inherently flawed, a lesson we learned for Enron's collapse.***

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***Enron's collapse had a major impact on working families-many lost their life savings while Enron's executives gained millions. It is estimated that Illinois' state pension fund lost \$25 million. That means that hard working teachers, police officers, and firefighters who worked for the public good may not be able to enjoy their hard-earned retirement. Back home in my home Chicago thousands of Andersen employees have, through no fault of their own, lost their jobs. For this reason, as well as many others, it is important that we do act in order to prevent those kinds of layoffs and to protect investors and pension holders from unfettered corporate greed. I hope that the final bill that is sent to the President's desk will make real reforms that will help prevent this from occurring, again.***

***A real reform bill will:***

- ***Make sure that our auditors are independent.***
  
- ***Create a strong public regulatory body that does not have conflict of interests or financial ties to the industry being regulated.***
  
- ***Ensure that investors have at least the same rights and receive the same treatment as corporate executives.***
  
- ***Ensure those employees, investors and pension holders have access to pertinent information and participate in corporate decision making.***
  
- ***Ensure that Enron executives cannot keep the money they stole from their employees and investors.***

***Our ranking member, John LaFalce, has crafted an alternative that will accomplish these goals. Please join me in voting for his substitute. Thank you.***