



17 April 2002

NO MORE ENRONS

Support S. 2010, the Corporate and Criminal Fraud Accountability Act of 2002

Dear Member of the Senate Judiciary Committee:

We are writing on behalf of the members of state Public Interest Research Groups to urge your strong support for S. 2010, the **Corporate and Criminal Fraud Accountability Act of 2002**, sponsored by Senator Patrick Leahy, when it comes before the Judiciary Committee for markup on Thursday. This proposal adds important provisions to the civil and criminal law to both deter and, when necessary, punish securities fraud. **Please oppose weakening amendments.**

S. 2010 takes the following important steps to strengthen enforcement and penalties for securities fraud:

- It creates a new felony for the act of defrauding shareholders of publicly traded companies.
- It creates a new felony for destruction of evidence or creation of evidence with intent to obstruct a federal agency or criminal investigation.
- It provides whistleblower protection to employees of publicly traded companies when they act lawfully to disclose information about fraudulent activities within their company.
- It enhances the ability of state attorneys general and the SEC to use civil RICO to enforce existing law; currently only the US attorney general has such authority currently under RICO.

Importantly, S. 2010 also increases the ability of defrauded investors to recover their losses by lengthening the statute of limitations. The bill would reasonably and sensibly set the statute of limitations to the earlier of 5 years after the date the fraud occurred or three years after the fraud was discovered. A securities law violation is often a complex, multi-year enterprise. **Indeed, Enron's recent accounting restatements went back five years. Under the fraudster-friendly current law, some state pension fund claims against Enron may be time-barred.**

S. 2010 includes numerous important investor protection measures to assist whistleblowers, fraud victims, and law enforcement agencies. We urge your strong support for this bill to help restore investor confidence in the Judiciary Committee April 18. Please oppose weakening amendments. For more information about the full state PIRG platform to protect employees, investors and taxpayers from future Enron/Andersen debacles, please visit <http://www.enronwatchdog.org>. Please contact me with questions at either 202-546-9707x314 or ed@pirg.org.

Sincerely,

Edmund Mierzwinski
Consumer Program Director

**U.S. Public Interest Research Group, 218 D St SE, Washington, DC 20003
Phone 202-546-9707 Fax 202-546-2461**