

April 23, 2002

**CORPORATE & ACCOUNTING REFORM BILL (HR 3763)  
Without changes bill promises to be little more than a “Ken Lay Protection Act”**

Dear Representative:

Consumers Union, the Consumer Federation of America, and the U.S. Public Interest Research Group oppose the Corporate And Auditing Accountability And Responsibility Act (H.R. 3763) sponsored by House Financial Services Committee Chairman Michael Oxley (R-Ohio) in its present form.

The bill is scheduled for a House vote as early as Wednesday. It is being touted as a reform measure aimed at the problems surrounding Enron and Arthur Andersen. However, the bill seems to be motivated by a desire to only appear concerned about the debacle, not to actually fix the problems that led to the debacle or to hold corporate wrongdoers accountable.

The American public remains concerned about Enron. Yet,

- HR 3763 lets Ken Lay keep the money he made from Enron’s shady deals and run another company.
- HR 3763 lets auditors to continue to make millions by providing consulting services to the same companies they are auditing.
- HR 3763 does not even address the issues surrounding analysts, even the ones who were telling investors Enron was a solid buy, or the ones who were selling the very stock they were telling consumers to buy.

Congress should ask itself whether HR 3763 does the following:

- Help the SEC recover ill-gotten gains from corporate executives? **NO**
- Make CEOs responsible for their company's public disclosures? **NO**
- Help the SEC send those who commit fraud to jail or bar them from going to other companies? **NO**
- Bar bad executives from serving in other companies? **NO**
- Make auditors independent? **NO**
- Ensure the oversight board is independent? **NO**
- Give the oversight board a clear mandate? **NO**
- Close the revolving door between accountants and their clients? **NO**
- Prevent continuing problems with analysts? **NO**

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We urge you to **support amendments that are expected to be offered** to:

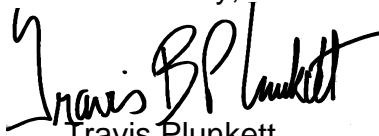
- **Increase auditor independence** by preventing them from performing non-audit services that create conflicts of interest. The current bill is weak and will have little impact in this area.
- **Provide for a powerful regulatory board** able to set strict standards and with investigative and disciplinary powers over audit firms. The current bill leaves this matter to the SEC – simply the status quo in a repackaged form.
- **Hold corporate executives accountable** by requiring them to certify their financial statements and make it easier for the SEC to bar executives who engage in misconduct from serving at other firms and to force those executives to surrender their ill-gotten gains. The current bill fails to enact these items – even though the President has called for holding executives accountable for their actions.

We also urge you to support other amendments to improve the bill. Unless changes are made to this so-called reform bill, it will be nothing more than a Ken Lay Protection Act.

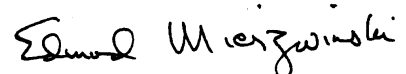
Sincerely,



Frank Torres  
Consumers Union



Travis Plunkett  
Consumer Federation of America



Ed Mierzwinski  
U.S. Public Interest  
Research Group