

**Opening Statement, Capital Markets Subcommittee Hearing
Tuesday, March 29, 2006
TWO – THREE MINUTES**

Thank you Chairman Baker and Ranking Member Kanjorski for holding this hearing on such an important and relevant topic. Thank you also to the members of the panels. I appreciate your willingness to come here today to discuss the issue with the Committee, and I look forward to hearing testimony on what each of your organizations has been doing to reduce the complexity of financial reporting.

The Financial Services Committee has enjoyed a great working relationship with the Securities and Exchange Commission, the Financial Accounting Standards Board and the Public Company Accounting Oversight Board, and the chairpersons and representatives of these organizations are always willing to come to the Hill to testify.

Yesterday, I introduced H.R. 5024, the Promoting Transparency in Financial Reporting Act of 2006 with Mr. Scott and Mr. Israel as original cosponsors. This bill will require annual testimony for the next five years before the Committee by the respective chairmen (or their designee) of the SEC, FASB and PCAOB relating to their efforts to reduce the complexity in financial reporting.

I appreciate the efforts of these organizations thus far to reduce complexity, and Chairman Cox and Chairman Herz' public statements of support for such efforts. I want to emphasize the importance that the Members of the Capital Markets Subcommittee, and the Committee leadership, have placed on the issue, and I want to ensure through this bill that we are continually updated on the progress that is being made. This will keep Members up-to-date, and will also serve as a reminder to the SEC, FASB and PCAOB that promoting transparency MUST be a top priority.

In the post-Enron financial era, transparent reporting has become an important aspect of promoting a healthy corporate environment. Financially-stable corporations are essential for expanding the U.S. business sector, promoting investor confidence and strengthening the economy.

As a former small business owner, I know firsthand the difficulties faced during the time-consuming and costly processes of accounting and financial disclosure. Unfortunately, financial reporting remains an arduous task with too many opportunities for error and manipulation. Reassessing outdated accounting standards and improving the ability of the average investor to understand and utilize financial literature is essential to the livelihood of American business and protection of American investors.

Some of these efforts should include reassessing complex and outdated accounting standards, moving from rules-based to principles-based accounting standards, promoting the use of plain English in disclosures, improving the ability of the average investor to read and understand accounting and auditing literature and encouraging the use and acceptance of extensible business reporting language (XBRL).

In closing, I would encourage all members of the Capital Markets Subcommittee to cosponsor H.R. 5024, and join me in making this a priority.

Thank you again to Chairman Baker and Ranking Member Kanjorski, and thank you to the members of the panels for joining us today. I look forward to hearing your thoughts on the progress made thus far, and the plan for the future. I yield back the remainder of my time.