

OPENING STATEMENT

HR 3763/3818

**Corporate and Auditing Accountability, Responsibility and Transparency Act of
2002**

**Financial Services Committee
Rep. Stephanie Tubbs Jones
Cleveland, 11th District**

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Good Morning, Chairman Oxley, Ranking Member LaFalce and Members of this Committee. Mr. Chairman, I ask unanimous consent that my full statement be included in the Record.

This is the third time that this esteemed committee has gathered to discuss the issues made infamous when on December 2, 2001 Enron Corporation shocked the world by suddenly filing for Chapter 11 bankruptcy leaving millions of investors holding virtually worthless stock in what was once one of the most admired companies in the world. Many of these investors made the decision to commit their hard-earned money to Enron based in large part on the financial information that was made available to them; information that was trusted to be accurately and objectively reviewed by independent auditors. The result of all of this was a loss in billions of dollars of equity to investors,

thousands of jobs and countless questions as to how all of this could have happened so quickly.

A particular piece of legislation, HR 3763, which was introduced by Chairman Oxley in response to this debacle, has been debated at length in the previous two hearings regarding this matter. I am pleased that this committee has seen fit to also formally address what I think is a much more comprehensive and effective means of addressing these issues, HR 3818 which was introduced by Ranking Member LaFalce.

Mr. Chairman, we are here this morning so that what happened with Enron will not happen again. We must determine the best ways to address the issues of auditor independence, timely and accurate disclosure of information to investors, effective and ethical corporate governance, and corporate accountability. However we must address these issues in a manner that will be both comprehensive and effective so that we can eventually ensure that the doors of unethical corporate governance and poor auditing standards are permanently closed.

For these reasons, I support the measure introduced by Ranking Member LaFalce through the Comprehensive Investor Protection Act or (CIPA as it is often referred to) as an alternative to H.R. 3763 introduced by Chairman Oxley. CIPA provides a clear and concise definition of independence as it pertains to corporate auditors, and creates a public auditing regulatory board. The legislation also serves to outline the roles and responsibilities of corporate boards with respect to the corporate auditing function. CIPA imposes strict restrictions for directors and other insiders with regard to company stock sales so that it is not just investors that are left accountable for the mistakes of management or the company's board.

There is still a lot of work to be done by this committee to incorporate the regulatory restrictions suggested by CIPA in such a way as to preserve the ability of the nations auditors to attract talent and remain profitable. Although we have more work to do, I applaud Chairman Oxley and especially Ranking Member LaFalce for providing a working framework from which to quickly and effectively address these issues. I look forward to the testimony today so that we may continue in our pursuit to ensure that the American people have the objective information that they need to make informed investment decisions.

Mr. Chairman, I thank you for my time.