

July 25, 2002

House Passes Corporate Accountability Legislation

Washington, D.C.- Today, the U.S. House of Representatives passed H.R. 3763, a bill that increases penalties for corporate fraud, increases greater oversight on the accounting profession and increases the amount of information available to investors.

“Whether committed by breaking into a home or by defrauding investors, theft is theft” stated Akin. “Passage of this bill by the House is a real step toward overall reform.”

“By passing this legislation, Congress is providing greater deterrence against corporate fraud,” said Akin. “This bill provides more tools to deter, and when necessary, punish corporate fraud.”

H.R. 3763:

- Creates a Public Accounting Oversight Board to enforce auditing, quality control, and independence standards and rules. Fees charged to all publicly traded companies will fund the board;
- Enhances corporate disclosure, including immediate disclosure of any information affecting the material health of the company;
- Ensures investors who have lost money in the markets as a result of corporate malfeasance receive compensation from any legal settlement; and
- Increases criminal penalties for a broad array of white-collar crimes (including 20 years for document shredding and obstruction of justice), freezes extraordinary payments to employees of companies under investigation by the Securities and Exchange Commission and makes it a crime to retaliate against corporate whistleblowers.