

**Statement of Congressman Charles A. Gonzalez**  
**Hearing on the Role of Attorneys in Corporate Governance**

Thank you Mr. Chairman. I want to first thank Chairman Oxley and Ranking Member Frank for holding this hearing. I requested a hearing on this topic last year, and I appreciate the responsiveness to the Committee on this issue. As you know, this Committee was the first to act on this issue during the Sarbanes Oxley process when it attached in the Spring of 2002 an amendment I offered to what later became the Sarbanes Oxley law calling for a study of this issue.

Mr. Chairman, I became interested in this topic during this committee's hearings into the Enron scandal where it became apparent to me that major law firms were, along with Arthur Anderson and Enron management, actively engaged in efforts to conceal the true economic value of Enron to its own shareholders. The Enron scandal laid bare in my view fundamental questions about the ethical standards of my own profession-- the law.

As a former Judge I spent many years actively engaged on professional responsibility issues involving attorneys, and I am concerned that the legal profession in its increasing focus on the bottom line has lost many of the ethical norms that once made it a respected profession. Additionally, I am concerned that State Bars who hold the primary responsibility to police the legal profession have become too lax. For example, to my knowledge no attorney in Texas that was involved with the Enron matter has had his license put seriously under review as a consequence of that scandal, despite the fact that the special purpose entities that were fundamental to the fraud at the company were largely constructed by attorneys. It was also shocking to me that one firm in the midst of the collapse of that company accepted work from Ken Lay to review the legality of some of the special purpose entities that they had helped to create. Not surprisingly they certified their own work.

Mr. Chairman, Section 307 of the Sarbanes Oxley Act has made in my view an important contribution to raising ethical standards in the legal profession. I look forward to the testimony of today's witnesses to see how we can best ensure that corporate shareholders are guaranteed minimal professional standards from the corporate attorneys that ultimately represent their interests. I yield back my time.