

Prepared, not delivered
Opening Statement

Chairman Michael G. Oxley
Committee on Financial Services

**Subcommittee on Capital Markets, Insurance and Government Sponsored
Enterprises**

**“The Role of Attorneys
In Corporate Governance”
February 4, 2004**

I want to thank Chairman Baker for holding this important hearing today.

In the wake of the numerous business scandals over the past three years, this Committee has led the way in reforming our capital markets and improving corporate governance. We have examined – with some success, I might add – the accounting profession, the corporate financial reporting system, Wall Street research analysts and investment bankers, the structure of the capital markets system, credit rating agencies, corporate officers and directors, mutual funds, hedge funds, and New York Stock Exchange specialists.

All of our efforts have a singular goal – to strengthen the capital markets system while enhancing investor protection.

We now turn our attention to the duties and responsibilities of attorneys in promoting corporate governance.

The active participation of attorneys in perpetuating corporate fraud has been well-documented, and indeed, is quite troubling. Attorneys were violating not only the profession’s code of ethics, but they were also breaking the law. This attorney misconduct led to a legislative remedy in the Sarbanes-Oxley Act requiring attorneys to report securities law violations “up the ladder” to the general counsel and the chief executive officer and, if necessary, the board of directors. While the SEC has implemented this sensible requirement as set forth in the Act, the Commission clearly went beyond congressional intent in proposing the noisy withdrawal mandate, but has since scaled back the provision.

I am pleased with our prestigious panel of witnesses this morning – representing a variety of perspectives on these contentious issues – and I look forward to a lively debate.

I yield back.