

Opening Statement

Congressman Paul E. Gillmor (R-OH)

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

April 6, 2005

*Hearing entitled: "Additional Accounting and Management Failures at Fannie Mae
– OFHEO's Efforts to Ensure Safe and Sound Operations."*

I want to thank Chairman Oxley and Chairman Baker for calling this hearing to discuss management failures at Fannie Mae and the recent agreement between the Fannie and OFHEO reached on March 7th. I am interested in hearing Director Falcon describe OFHEO's efforts to respond to recent scandals alleging accounting violations, internal control issues and corporate governance issues that could result in a restatement of earnings of more than \$12 billion dollars. The March 7 agreement addresses some of the governance issues that this Committee has been looking at over the past few months but without a stronger regulator, we will have not done enough to ensure the safety and soundness that is sorely needed.

While I understand that Director Falcon will soon be leaving OFHEO, I look forward to hearing his suggestions for legislation and ways in which this Committee can create a stronger regulator able to provide safety and soundness to both the GSEs and the market.

Thank you again, Mr. Chairman, for scheduling this hearing and I look forward to an informative session.