

**OPENING STATEMENT OF
RANKING DEMOCRATIC MEMBER PAUL E. KANJORSKI
SUBCOMMITTEE ON CAPITAL MARKETS, INSURANCE,
AND GOVERNMENT SPONSORED ENTERPRISES
HEARING ON OVERSIGHT OF THE
PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD
THURSDAY, JUNE 24, 2004**

Mr. Chairman, nearly two years ago after a spate of corporate accounting scandals we adopted the Sarbanes-Oxley Act. As you know, I was intimately involved in every stage of this law's development, from the first congressional hearings on the collapses of Enron and WorldCom through the final meeting of our bicameral conference committee.

In addition to imposing new obligations on issuers, executives and directors, a key section of this historic statute replaced self-regulation by the accounting industry with an independent, full-time entity known as the Public Company Accounting Oversight Board to monitor the entities that audit public companies. This board regulates firms, both foreign and domestic, that audit companies whose securities are publicly traded.

Today, we are fortunate to again have before us William McDonough, the head of the Public Company Accounting Oversight Board. Just last week, the board issued its first annual report and his testimony today will help us to better appreciate his organization's hard work in turning a functional statutory outline into an active regulatory system. This hearing will also help us to understand the progress that the board has made in bolstering investor confidence, restoring the integrity of financial statements, and rebuilding trust in our securities markets.

In closing, Mr. Chairman, we cannot and should not remove the risks associated with investing. Our capital markets work well because of that risk. We should, however, ensure that every corporation plays by the rules, that all investors have access to the reliable information needed to make prudent decisions, and that each party who violates our securities laws is held accountable. As the Public Company Accounting Oversight Board continues its work to achieve these objectives, it is appropriate for us to review its progress.
