



U.S. CONGRESSMAN  
**SCOTT GARRETT**  
PRESS RELEASE



FOR IMMEDIATE RELEASE  
July 26, 2012

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**Garrett Opening Statement at Hearing Regarding the 10<sup>th</sup> Anniversary of the Sarbanes-Oxley Act**

**WASHINGTON, DC** – Rep. Scott Garrett (R-NJ), Chairman of the Financial Services Subcommittee on Capital Markets and Government-Sponsored Enterprises, issued the following opening statement today at a hearing regarding the 10<sup>th</sup> anniversary of the Sarbanes-Oxley Act:

“Today’s hearing will examine the Sarbanes-Oxley corporate governance law, 10 years after it was signed into law.

“Sarbanes-Oxley (SOX) was passed in 2002 in the wake of the accounting failures and frauds at Enron and WorldCom. While these scandals were terrible and many investors lost their life savings, Congress did what it normally does – pass a law claiming to have solved all of the problems and that it will never happen again.

“Sound like a familiar story? It should. The passage of Sarbanes-Oxley no more solved all of the potential problems with financial reporting and corporate governance than Dodd-Frank did with Too-Big-To-Fail. What each law did is lay on another huge layer of cost on our economy and one-size-fits-all red tape over our small businesses and job creators.

“My colleagues across the aisle claim that if we just pass one more law, add one more regulation, take away one more freedom; that all of the problems in our financial sector will go away, investors will only gain money and never lose and that there will be no more fraud or bad actors anymore. Unfortunately, this is just not true.

“One of the most hotly contested provisions of Sarbanes-Oxley is 404b, the requirement that public companies have an outside, independent attestation of their internal controls. My friends on the other side and their investor group allies claim this is a vital and important requirement that adds immense protection for investors.

“Well, I would like to enter into the record the following independent attestations for internal controls for the following companies:

Lehman Brothers – right before their bankruptcy  
JP Morgan – right before their recent London Whale trade  
Bear Stearns Co. – right before their bailout

MF Global – right before Jon Corzine illegally transferred millions of customer funds into his own account

Fannie Mae – right before their bailout, and

Freddie Mac – right before theirs

“404b didn’t prevent investors from losing any money with these firms. It didn’t even slow it down. I would like to thank the gentleman from Pennsylvania, Mr. Fitzpatrick, for his recently introduced legislation that would narrow the definition of an accelerated filer and exempt more small businesses from this onerous requirement. I commend him for his hard work.

“I am not saying all of the parts of Sarbanes-Oxley are terrible or don’t have some benefit. Nor am I saying that of Dodd-Frank, but I do find it ironic that one of the best parts of Dodd-Frank is a provision added to exempt small businesses from Sarbanes-Oxley.

“And, as difficult as Sarbanes-Oxley has been for small businesses to comply with, Dodd-Frank will seem like SOX on steroids. Just the corporate governance provisions in Dodd-Frank: (Say-on-Pay, Proxy Access, Pay-Ratio, Claw back, Conflict Minerals, and Extractive Industries) will have a more negative impact on small public companies and job creators than the entire SOX legislation has had.

“In the current economic environment where unemployment is chronically above 8% and our job creators face the very real threat of higher taxes and additional regulation, it is essential that we conduct appropriate oversight on all federal statutes regardless of whether they have been around 10 years or 2 years.

“I thank the witnesses for their participation today and look forward to their testimony.”

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