

**OPENING STATEMENT OF
CONGRESSMAN PAUL E. KANJORSKI
COMMITTEE ON FINANCIAL SERVICES
HEARING ON THE PUBLIC POLICY ISSUES RAISED BY
THE REPORT OF THE LEHMAN BANKRUPTCY EXAMINER
APRIL 20, 2010**

Mr. Chairman, we meet once again to examine yet another massive corporate failure. We have heard this sad song of corporate greed and regulatory breakdowns one too many times in recent years in instances like the accounting misdeeds at Enron, the massive Madoff fraud, and the audacious bets of American International Group. The events that led to Lehman's collapse add another verse to this troubling refrain in American capitalism.

In the Lehman tune, it deeply troubles me that we must once again explore how reckless Wall Street titans profited at the expense of innocent shareholders on Main Street. I am also deeply disappointed in the performance of auditors and regulators who failed to uncover wrongdoing, mismanagement and capital shortfalls even as they fiddled in Lehman's offices. The American people -- those who invest their hard earned savings and retirement nest eggs in our markets -- deserve not only answers about what happened, but also the enactment of real solutions designed to reform the way Wall Street functions.

The Valukas report also reveals that Wall Street executives continue to embellish the truth, tell half-truths and hide behind their power in the marketplace. Lehman's former managers claim not to recall transactions or not to have spent meaningful time examining those very transactions important to investors. I find their excuses difficult to believe, especially in the wake of the corporate accounting and attestation reforms mandated by the Sarbanes-Oxley Act.

Moreover, Lehman's unscrupulous practices illustrate exactly why the Senate needs to quickly pass -- and the Congress needs to swiftly finalize -- a Wall Street reform bill. The bill already passed by the House would force major participants in our markets to hold more capital and leverage less. Additionally, the House-passed legislation and the pending Senate bill include provisions to end the era of too big to fail, like my amendment directing regulators to break up financial firms that have become too big, too interconnected, too concentrated or too risky.

The thoughtful Valukas report additionally highlights the importance of my whistleblower reforms and tipster bounties contained in the House bill. Furthermore, his report proves the need to fundamentally change the way the U.S. Securities and Exchange Commission operates. Among other things, the House bill doubles the Commission's budget over 5 years and requires a comprehensive review and overhaul of the Commission's operations.

In sum, today's hearing builds the case for Wall Street reform. Hopefully, this Lehman hearing will be one of the last arias of this all too gloomy opera about the dark side of American capitalism. The proverbial fat lady has begun to sing; we must now complete our work.
