

from nominations received from groups representing institutional investors and pension funds (public employee pension plans, pension plans organized pursuant to the Taft-Hartley Act (i.e. union-related pension plans), and pension plans organized pursuant to ERISA).

The Board shall have the power to establish its own rules. Rulemaking would be subject to SEC approval and to public comment.

The Board will be self-funded through assessments on public companies that receive the benefit of audit services.

The duties of the Board include: (1) establishing quality standards relating to audits; (2) performing direct quality reviews of individual audits; (3) conducting comprehensive and direct inspections of auditing firms; (4) setting independence standards; and (5) establishing ethical standards.

The Board will have a full range of disciplinary powers.

The Board will have sweeping investigative powers including the ability to compel testimony and subpoena documents from auditors and their clients. It shall also have the power to refer matters to the SEC for investigation or additional action.

Enhanced Financial Disclosure: CIPA directs the SEC to conduct rulemaking to significantly improve financial disclosure relating to: (1) the treatment of special purpose entities; (2) related party transactions; (3) the creation of a plain English financial statement disclosure regime; and (4) earnings manipulation.

Expansion of SEC Resources: CIPA would double the resources for the Divisions of Enforcement and Corporation Finance, as well as the Office of the Chief Accountant. Moreover, CIPA would fund pay parity for the entire Commission staff. The total SEC authorization would amount to \$876 million for fiscal 2003.

Real-Time Disclosure of Affiliate Stock Sales: CIPA would require real-time disclosure of insider stock sales and disclosure of affiliated-party dispositions of stock and related derivative instruments.

Restoration of Joint and Several Liability for Accountants: CIPA would hold auditors fully responsible for their actions. This legislation would overturn provisions of existing law to provide for joint and several liability for auditors when: (1) an accounting firm provides both auditing and non-auditing services (such as consulting services) to an issuer; (2) the defendant knowingly committed a violation of the securities laws; (3) an accounting firm failed to comply with the financial fraud reporting provisions of the securities laws; or (4) the issuer of the securities that are the subject of the fraud has become insolvent. This replaces the current proportional liability standard.

Restoration of Aiding and Abetting Liability for Accountants and Outside Professionals: CIPA would provide a private right of action against anyone (auditors, lawyers and other outside professionals) who knowingly or recklessly provides substantial assistance to another person in violation of the securities laws.

Lockdowns: CIPA would prohibit stock sales by insiders at any time when employees are subject to a lockdown on their 401(k)s.

Destruction of Records: CIPA would require auditors to retain certain key files for 7 years relating to an audit so that they would be available for investigations.

Statute of Limitations: Provides that an implied right of action arising under the Securities and Exchange Act of 1934 may be brought no later than the earlier of 5 years after the date on which the alleged violation occurred or 3 years after which the violation was discovered.

Analyst Conflict of Interest: CIPA would go beyond the requirements in the recent rulemaking proposed by the NASD and NYSE by: (1) banning analysts from holding stock in the companies that they cover; (2) prohibiting analyst compensation from being based wholly or in part on investment banking revenue; and (3) requiring the NYSE and NASD to establish criteria for evaluating analyst research quality and also requiring analyst compensation to be based principally on the quality of their research.

Enhanced SEC Review of Issuers: CIPA requires the SEC to review on a more regular and systematic basis the public disclosures made by issuers, especially reports filed on form 10-K. CIPA would require the SEC to establish a risk-rating system which shall be used to determine the frequency of such reviews. Companies with large disparities in price to earnings ratios (i.e. "dot com-like" companies) would be among those ripe for regular review.

Current Disclosure: CIPA would provide for the establishment of a "current disclosure regime" as suggested by SEC Chairman Pitt. The goal would be to change the way issuers communicate with investors by providing more meaningful and current information about their financial results, including providing useful trend information.

Study of the Role of Credit Rating Agencies: CIPA would require the SEC to study the role of credit rating agencies and make recommendations concerning the establishment of minimum standards, among other things.

A TRIBUTE TO REVEREND TIMOTHY WRIGHT

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 2002

Mr. TOWNS. Mr. Speaker, I rise in honor of Reverend Timothy Wright for his dedication to the spiritual upliftment of his community through music.

Reverend Wright was born on June 17, 1947 in Brooklyn, NY. He accepted Jesus Christ as his Lord and Personal Savior at an early age. During this time it became very apparent that Reverend Wright had an unusual gift for music. At St. John's Baptized Holiness Church, he cultivated his musical skills while serving as church organist and choir director for the youth ensemble.

In 1966, Reverend Wright was drafted in the U.S. Army and served his country until 1968. He received a honorable discharge and returned to his home in Brooklyn, NY. From 1969 to 1990, Reverend Wright has served many capacities at the Washington Temple C.O.G.I.C. in Brooklyn, NY. During his tenure, he founded the Timothy Wright Concert Choir in 1976. In addition, Reverend Wright has recorded with many other choirs through out the U.S. and abroad. Reverend Wright gained national recognition for the album "Come Thou Almighty King." Reverend Wright has been a three-time Grammy nominee, NAACP Image Award winner and a Stellar Award winner.

In 1990, Reverend Wright established the Grace Tabernacle Christian Center COGIC in his home. The Grace Tabernacle Christian Center COGIC ministry included various outreach programs that served all in need. Grace COGIC, located in the heart of the inner city, has grown and flourished over the years. In

January 1998, Rev. Wright was elevated to Superintendent of District #3 in New York.

Reverend Wright has been a beacon of light for the Brooklyn community through preaching, teaching the word of God or ministering in song or music. Reverend Wright is truly an anointed man of God. And, today it is my pleasure to bring his achievements to the attention of my colleagues.

PAUL REVERE FORUM

HON. CONSTANCE A. MORELLA

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 28, 2002

Mrs. MORELLA. Mr. Speaker, employees in the government and private sector who have refused to put personal comfort and profit above public safety represent true public service and patriotism. By speaking the truth and refusing to be silenced, they have prevented the spread of sickness and disease, disastrous environmental contamination, and unknown accidents on our highways, railroads and airways. Whistleblowers have saved the American taxpayer billions of dollars, and they have literally saved countless lives.

These men and women usually do not think of themselves as being heroic. In many cases, they are just doing their jobs. We call them "whistleblowers," a label they are often reluctant to accept. They are reluctant for understandable reasons. Being a whistleblower usually means harassment, intimidation, and career-ending retaliation from those who stand to lose when the public learns the truth.

On Wednesday, February 27, several public interest organizations hosted an event entitled "The Paul Revere Forum: National Security Whistleblowers Speak." I am proud to be invited to address the whistleblowers and their supporters who will be in attendance. Paul Revere is not often thought of as a "whistleblower," but for the security and freedom of the colonial citizens of Lexington and Concord, that is exactly what he was. Now, we again find ourselves in a period where National Security whistleblowers can play a critical role—in the war against terrorism.

National Security whistleblowers have recently provided warnings about potential terrorist attacks by sounding the alarm about vulnerabilities that senior bureaucratic managers would prefer to cover up or ignore. The warnings have covered a vast array of official activities: security officers at nuclear laboratories, weapons facilities, waste dumps and power plants have for years warned that nuclear material is highly vulnerable to terrorist attack; FAA employees have come forward with similar concerns about the effectiveness of security technology as well as passenger screening practices; emergency management officials have exposed dramatic inadequacies of protections for our food supplies and evacuation plans, and Customs employees have pointed to weaknesses in our border security. These problems will become tragedies unless both public and private employees feel they can raise concerns without suffering retaliation.

Since the tragedies of September 11, blowing the whistle is no longer only about protesting abuses of power, personal corruption or violations of regulations. It has a new dimension—it is about preserving the freedom to warn.