

### Paul Introduces Legislation to Repeal Section 404 of Sarbanes-Oxley

April 14, 2005      Washington, DC- Congressman Ron Paul of Texas today introduced legislation that repeals a particularly onerous provision of the Sarbanes-Oxley Act. Paul's legislation, titled "The Due Process and Economic Competitiveness Restoration Act," seeks to repair damage done to the economy by repealing section 404 of Sarbanes-Oxley and restoring some measure of economic due process rights.

Paul, a member of the House Financial Services committee, termed the 404 provisions anti-business and anti-competitive. "It's time to make public what the business community already acknowledges privately: Sarbanes-Oxley is a disaster," Paul stated. "Now that the Enron and Worldcom hysteria is over, it's time to admit that Congress made a terrible mistake."

Journalist Robert Novak, in his column of April 7, said that, "[f]or more than a year, CEOs and CFOs have been telling me that 404 is a costly nightmare" and "ask nearly any business executive to name the biggest menace facing corporate America, and the answer is apt to be number 404...a dagger aimed at the heart of the economy."

Sarbanes-Oxley dramatically raises the cost of doing business, which favors large companies over small competitors. These costs retard economic growth and hurt American workers. It also tramples due process rights by subjecting CEOs and CFOs to criminal penalties for inadvertent accounting errors. Not surprisingly, many American and foreign companies simply have deregistered from U.S. stock exchanges rather than spend millions in compliance costs. Financial analysts have identified section 404 as the major reason why American corporations are hoarding cash instead of investing it in new ventures.

"Congress has zero credibility when it comes to fiscal accountability," Paul concluded. "Just look at Fannie Mae and Social Security for two obvious examples. More importantly, Congress has no constitutional authority to regulate the accounting standards of private businesses. Every state in the nation has fraud laws on the books, and the market responded to Enron rumors well before Congress held any hearings on the matter. Once again, Congress has presumed to understand what it does not, and regulate what it has no authority to regulate."