



NASAA

July 1, 2002

The Honorable Trent Lott
487 Russell Senate Office Building
Washington, DC 20510

RE: S. 2673 – The Public Company Accounting Reform and Investor Protection Act of 2002

Dear Senator Lott:

The confidence of investors in the integrity of the U.S. securities markets has been shaken as a result of Enron, Global Crossing, WorldCom and other alleged wrongdoing. The failure of several large corporations to police themselves cries out for additional reforms before the negative impact on our markets damages our overall economy.

We support S. 2673, The Public Company Accounting Reform and Investor Protection Act of 2002, and would oppose efforts to weaken its provisions. NASAA believes there is an immediate need to restore investor confidence in our securities markets.

State securities regulators endorse Title V – Analyst Conflicts of Interest – in its current form and strongly oppose any amendment to this title that would reduce our ability to investigate wrongdoing and take appropriate enforcement actions against securities analysts. An industry amendment was circulated that, we believe, would have prohibited state securities regulators from imposing remedies upon firms that committed fraud, if it involved securities analysts and perhaps even broker-dealers that deal with individual investors. Clearly this approach is ill-advised in today's climate. What message would be sent to Main Street investors if the states' investigative and enforcement authority were weakened?

An amendment may be offered on the Senate floor under the guise of creating national uniform standards for securities analysts. Its real intent, we fear, is to eliminate remedies (such as the Merrill Lynch settlement) that states securities regulators may impose on the firms should fraudulent activity be uncovered in an enforcement investigation.

We urge you to support S. 2673, and to vote against any amendment to weaken the enforcement powers of state securities regulators, the "local cops on the beat."

Please call us or NASAA's Director of Policy, Deborah Fischione House, if you have questions or need more information.

Sincerely,

Joseph P. Borg
NASAA President
Alabama Securities Director

Christine A. Bruenn
NASAA President-elect
Maine Securities Administrator