



NASAA

NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION, INC.

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The Honorable Thomas Daschle
509 Hart Senate Office Building
Washington, DC 20510

Dear Senator Daschle:

NASAA supports S. 2673, The Public Company Accounting Reform and Investor Protection Act of 2002, and opposes efforts to weaken its provisions. State securities regulators believe there is an immediate need to restore investor confidence in our securities markets.

Passage of the Leahy amendment, which incorporates S. 2010, the Corporate and Criminal Fraud and Accountability Act of 2002, into the accounting reform bill would send a strong deterrent message to potential securities violators by providing prosecutors with new and better tools to punish those who defraud our nation's investors. Our focus is on Section 4, which would prevent the discharge of certain debts in bankruptcy proceedings. At the present time, the bankruptcy code enables defendants who are guilty of fraud and other securities violations to thwart enforcement of the judgments and other awards that are issued in these cases.

We support passage of the Leahy amendment because it strengthens the ability of regulators and individual investors to prevent the discharge of certain debts and hold defendants financially responsible for violations of securities laws. This issue is of great interest to state securities regulators, and we hope you'll support it on the Senate floor.

In addition, state securities regulators endorse Title V of S. 2673 – 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 amendment drafted by Morgan Stanley 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, especially in today's climate. What message would be sent to Main Street investors if the states' investigative and enforcement authority were weakened? (Additional information on this proposal was delivered to your office last week.)

Please vote for passage of S. 2673, for the Leahy amendment, and against any amendments to curtail state securities enforcement actions.

Sincerely,

Joseph P. Borg
NASAA President
Alabama Securities Director

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NASAA President-elect
Maine Securities Administrator