NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION, INC.



NASAA

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July 19, 2002

The Honorable Paul S. Sarbanes 538 Dirksen SOB Washington, DC 20510 The Honorable Michael G. Oxley 2129 Rayburn HOB Washington, DC 20515

RE: CORPORATE ACCOUNTABILITY

Dear Chairmen Sarbanes and Oxley:

NASAA supports your effort to meet in an expeditious manner to resolve differences between the House and Senate versions of the accounting reform/corporate accountability bills.

The confidence of investors in the integrity of the U.S. securities markets has been shaken. State securities regulators share your view that there is an immediate need to restore investor's faith in the fairness and integrity of our capital markets. Investors must regain trust in corporate executives and financial reports and have confidence in the independence of accountants and analysts. In this regard, NASAA believes that by providing prosecutors with new and better tools a strong deterrent message will be sent to those who would seek to defraud our nation's investors.

At the same time, NASAA continues to strongly oppose any attempt to incorporate language into the accounting reform/corporate accountability bill that would reduce the states' ability to take appropriate enforcement actions. What message would be sent to Main Street investors if the states' investigative and enforcement authority were weakened?

We also want to reiterate our support for a proposal passed by both the Senate and the House to prevent the discharge of certain securities related debts in bankruptcy proceedings and hold defendants financially responsible for violations of securities laws.

As President Bush said, "self-regulation is important, but it's not enough." We urge you to take prompt action to strengthen the current federal/state regulatory system and oppose efforts to weaken it in any way.

Sincerely,

Joseph P. Borg NASAA President Alabama Securities Director

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