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527932

**THE WHITE HOUSE  
CORRESPONDENCE TRACKING WORKSHEET**

ID# 527932

PAGE 1

*EG 006-01*

DATE RECEIVED: 08/12/2002

NAME OF CORRESPONDENT: THE HONORABLE PATRICK LEAHY

SUBJECT: EXPRESSES CONCERN ABOUT STATEMENTS MADE BY WHITE HOUSE STAFF AFTER THE CORPORATE AND CRIMINAL FRAUD ACCOUNTABILITY ACT, SECTION 806 OF THE SARBANES-OXLEY ACT WAS SIGNED INTO LAW

ROUTE TO: OFFICE/AGENCY	(STAFF NAME)	ACTION		DISPOSITION		
		ACTION CODE	DATE YY/MM/DD	TYPE RESP	C D	COMPLETED YY/MM/DD
LEGISLATIVE AFFAIRS	NICK CALIO	ORG	2002/08/12	NC	<i>CA</i>	02/08/19 <sup>RY</sup>

**ACTION COMMENTS**

*Doc* \_\_\_\_\_ *AA* *0218127* \_\_\_\_\_ \_\_\_\_\_ *1 1*

**ACTION COMMENTS:**

*Doc* \_\_\_\_\_ *I* *0218127* \_\_\_\_\_ \_\_\_\_\_ *1 1*

**ACTION COMMENTS:**

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**ACTION COMMENTS:**

**COMMENTS**

ADDITIONAL CORRESPONDENTS: 0

MEDIA: LETTER

INDIVIDUAL CODES:

REPORT CODES:

USER CODE:

**SCANNED  
BY  
ORM**

**ACTION CODES:**

- A - APPROPRIATE ACTION
- C - COMMENT/RECOMMENDATION
- D - DRAFT RESPONSE
- F - FURNISH FACT SHEET
- I - INFO COPY/NO ACT NECESSARY
- R - DIRECT REPLY W/ COPY
- S - FOR SIGNATURE
- X - INTERIM REPLY

**DISPOSITION CODES:**

- A - ANSWERED
- B - NON-SEPC-REFERRAL
- C - COMPLETED
- S - SUSPENDED

**OUTGOING CORRESPONDENCE:**

- TYPE RESP = INITIALS OF SIGNER
- CODE = A
- COMPLETED = DATE OF OUTGOING

REFER QUESTIONS AND ROUTING UPDATES TO RECORDS MANAGEMENT (ROOM 72, OEOB) EXT-62590  
KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS MANAGEMENT.

August 19, 2002

Dear Chuck:

This is to acknowledge the receipt of your letter to the President expressing concern about statements made by White House staff after the Corporate and Criminal Fraud Accountability Act, Section 806 of the Sarbanes-Oxley Act, was signed into law.

I have shared your letter with the President's advisors and the appropriate agencies who have been formulating policy recommendations in this area. Your letter is receiving their close and careful attention. You will be receiving a more detailed response in the near future.

Thank you for your comments.

Sincerely,

Nicholas E. Calio  
Assistant to the President and  
Director of Legislative Affairs

The Honorable Charles Grassley  
United States Senate  
Washington, D.C. 20510

Bcc for Appropriate Action: DOJ  
For Information: DOC

AUG 21 2002

August 19, 2002

Dear Senator Leahy:

This is to acknowledge the receipt of your letter to the President expressing concern about statements made by White House staff after the Corporate and Criminal Fraud Accountability Act, Section 806 of the Sarbanes-Oxley Act, was signed into law.

I have shared your letter with the President's advisors and the appropriate agencies who have been formulating policy recommendations in this area. Your letter is receiving their close and careful attention. You will be receiving a more detailed response in the near future.

Thank you for your comments.

Sincerely,

Nicholas E. Calio  
Assistant to the President and  
Director of Legislative Affairs

The Honorable Patrick Leahy  
United States Senate  
Washington, D.C. 20510

Bcc for Appropriate Action: DOJ  
For Information: DOC

AUG 21 2002

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527932

# United States Senate

COMMITTEE ON THE JUDICIARY

WASHINGTON, DC 20510-6275

July 31, 2002

The Honorable George W. Bush  
President of the United States  
The White House  
1600 Pennsylvania Avenue, NW  
Washington, D.C. 20500

Dear Mr. President:

As coauthors of the recent corporate whistleblower provision in the Corporate and Criminal Fraud Accountability Act, section 806 of the Sarbanes-Oxley Act, we are writing to express our shared concern about interpretive statements made by the White House staff only hours after you signed the Act into law.

According to media reports, the White House views this bipartisan provision, which was approved *unanimously* both by the Judiciary Committee and the full Senate, as protecting employees only if they report fraud to Congress "in the course of an investigation." This narrow interpretation is at odds with the plain language of the statute and risks chilling corporate whistleblowers who wish to report securities fraud to Members of Congress.

The provision in question, codified at 18 U.S.C. § 1514A, states that it applies to disclosures of fraud whenever "*the information or assistance is provided to or the investigation is conducted by... any Member of Congress or any committee of Congress.*" (emphasis added). By its plain terms, there is no limitation either to ongoing investigations of Congress or to matters within the jurisdiction of any Congressional Committee.


The reason for this is obvious. Few whistleblowers know, nor should they be expected to know, the jurisdiction of the various Committees of Congress or the matters currently under investigation. The most common situation, and one that the recent Administration's statement excludes from protection, is a citizen reporting misconduct to his or her own Representative or Senator, regardless of their committee assignments. Such disclosures are clearly covered by the terms of the statute.


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The Honorable George W. Bush  
July 31, 2002  
Page 2

We request that you review and reconsider the Administration's interpretation of section 806 of the Sarbanes-Oxley Act. It embodies a flawed interpretation of the clearly worded statute and threatens to create unnecessary confusion and to discourage whistleblowers such as Sherron Watkins and Coleen Rowley from reporting corporate fraud to Congress.

Sincerely,

  
PATRICK LEAHY  
Chairman 2007334

  
CHARLES E. GRASSLEY  
United States Senator 2007335