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Folder Title:

527657

**THE WHITE HOUSE  
CORRESPONDENCE TRACKING WORKSHEET**

ID# 527657

PAGE 1

*BE003*

DATE RECEIVED: 07/12/2002

NAME OF CORRESPONDENT: THE HONORABLE TOM DASCHLE

SUBJECT: URGES THE PRESIDENT TO CONSIDER ENDORSING BOTH S 2010 THE CORPORATE AND CRIMINAL FRAUD ACCOUNTABILITY ACT AND AN AMENDMENT TO THE ACCOUNTING REFORM BILL

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	2002/07/12	NC	A	02/07/16
ACTION COMMENTS						
<i>SEC</i>		<i>AA</i>	<i>/ /</i>			<i>/ /</i>
ACTION COMMENTS:						
<i>Treas.</i>		<i>I</i>	<i>/ /</i>			<i>/ /</i>
ACTION COMMENTS:						
			<i>/ /</i>			<i>/ /</i>
ACTION COMMENTS:						

**COMMENTS**

ADDITIONAL CORRESPONDENTS: 0

MEDIA: LETTER

INDIVIDUAL CODES:

REPORT CODES:

USER CODE: 1 SIGNEE

**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.

527657

July 16, 2002

Dear Senator Leahy:

Thank you for your letter urging the President to consider endorsing both S. 2010, "The Corporate and Criminal Fraud Accountability Act" and an amendment to the accounting reform bill.

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

Thanks again.

Sincerely,

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

The Honorable Patrick Leahy  
United States Senate  
Washington, DC 20510

Bcc w/ copy for appropriate action: SEC  
For Information: Treasury

JUL 16 2002

527657

July 16, 2002

Dear Mr. Leader:

Thank you for your letter urging the President to consider endorsing both S. 2010, "The Corporate and Criminal Fraud Accountability Act" and an amendment to the accounting reform bill.

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

Thanks again.

Sincerely,

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

The Honorable Thomas Daschle  
United States Senate  
Washington, DC 20510

Bcc w/ copy for appropriate action: SEC  
For Information: Treasury

JUL 16 2002

United States Senate  
Office of the Majority Leader  
Washington, DC 20510-7020

July 1, 2002

The Honorable George W. Bush  
The White House  
Washington, D.C. 20500

Dear Mr. President:

We welcome today's reports that you are considering new corporate penalties in response to the recent wave of financial scandals. We hope that today's news signals a willingness to rethink the Administration position, expressed previously by your political adviser Karl Rove and SEC Chairman Harvey Pitt, that legislation in this area is unnecessary.

Democrats have long believed that tough new laws are needed to restore investor confidence and prevent future abuses. Under the leadership of Chairman Paul Sarbanes, the Senate Banking Committee approved, in an overwhelming bipartisan vote, accounting reform legislation that will be considered by the Senate next week. We hope you will actively support this important measure.

Accounting reform alone, however, is not enough to restore confidence in our capital markets. We call for enactment of tough criminal penalties to hold corporate wrongdoers accountable for their actions. To this end, we have introduced "The Corporate and Criminal Fraud Accountability Act," S. 2010, which the Senate Judiciary Committee unanimously approved in May.

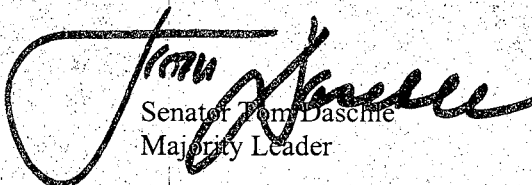
The bill creates a new ten-year felony for any "scheme or artifice" to defraud shareholders in publicly traded companies. It protects evidence by giving corporate whistleblowers, for the first time, an effective remedy in federal court if the wrongdoers retaliate against them. These insiders are often key witnesses needed to prove fraud cases.

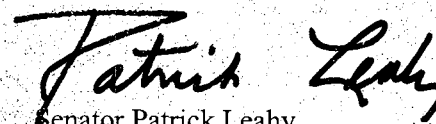
This legislation also creates two new "anti-shredding" laws that close loopholes in the current obstruction of justice offenses and create a clear rule that corporate audit papers must be kept for at least five years, which mirrors the statute of limitations for many federal crimes.

Next week, S. 2010 will be offered in the Senate as an amendment to the accounting reform bill. We urge you to consider endorsing both measures in order to send a strong message that you are prepared to join with Democrats to crack down on corporate fraud.

We look forward to working with you and members of your Administration in a bipartisan manner to enact comprehensive legislation to restore confidence in the integrity of our capital markets.

Sincerely,

  
Senator Tom Daschle  
Majority Leader

  
Senator Patrick Leahy  
Chairman, Judiciary Committee