

what approaches work best. Now is the time to put those lessons to use. Building upon the success of our most effective clean air program, we have crafted a new "Clean Air Act" for the 21st century, one that will do more to clean up emissions from powerplants than ever before. In the next decade alone, Clear Skies will eliminate 35 million more tons of pollution than the current Clean Air Act, bringing cleaner air to millions of Americans. Clear Skies

will also help save our forests, lakes, streams, and coastal waters from acid rain and nitrogen and mercury deposition. And Clear Skies will do this through the use of a market-based system that guarantees results while keeping electricity prices affordable for the American people. Administrator Whitman and I look forward to working with Congress to deliver the health and environmental benefits promised by passage of Clear Skies legislation.

## Remarks on Signing the Sarbanes-Oxley Act of 2002 *July 30, 2002*

Thank you very much. Welcome to the White House, and welcome to this historic occasion.

During the past year, the American economy has faced several sudden challenges and proven its great resiliency. Terrorists attacked a center and symbol of our prosperity. A recession cost many American workers their jobs, and now corporate corruption has struck at investor confidence, offending the conscience of our Nation. Yet, in the aftermath of September the 11th, we refuse to allow fear to undermine our economy, and we will not allow fraud to undermine it either.

With well-timed tax cuts, we fought our way out of recession and back to economic growth. And now with a tough new law, we will act against those who have shaken confidence in our markets, using the full authority of Government to expose corruption, punish wrongdoers, and defend the rights and interests of American workers and investors.

My administration pressed for greater corporate integrity. A united Congress has written it into law. And today I sign the most far-reaching reforms of American business practices since the time of Franklin Delano Roosevelt. This new law sends very clear messages that all concerned must

heed. This law says to every dishonest corporate leader: "You will be exposed and punished. The era of low standards and false profits is over. No boardroom in America is above or beyond the law."

This law says to honest corporate leaders: "Your integrity will be recognized and rewarded, because the shadow of suspicion will be lifted from good companies that respect the rules."

This law says to corporate accountants: "The high standards of your profession will be enforced without exception. The auditors will be audited. The accountants will be held to account."

This law says to shareholders that "the financial information you receive from a company will be true and reliable, for those who deliberately sign their names to deception will be punished."

This law says to workers: "We will not tolerate reckless practices that artificially drive up stock prices and eventually destroy the companies and the pensions and your jobs."

And this law says to every American: "There will not be a different ethical standard for corporate America than the standard that applies to everyone else. The honesty you expect in your small businesses or in your workplaces, in your community

or in your home, will be expected and enforced in every corporate suite in this country.”

I commend the Congress for passing a strong set of reforms. I particularly thank Senator Paul Sarbanes and Congressman Mike Oxley. Both are very thoughtful and were persistent voices for reform. They are true advocates of corporate integrity. I appreciate their working together to send a signal to the rest of the country that it's possible in Washington, DC, to set aside partisan differences and to do what's right for the American people. I also appreciate the bipartisan leadership in the Congress, and I particularly thank Senator Daschle and Senator Lott who are with us here today.

I want to thank members of my Cabinet who worked on this bill: Secretary of Treasury O'Neill and Attorney General Ashcroft, Secretary Evans, Secretary Chao. I appreciate the FBI Director being here, along with the Chairman of Securities and Exchange Commission, Harvey Pitt. I appreciate the Corporate Fraud Task Force members who are here. I want to assure the American people, they're just getting started.

America's system of free enterprise, with all its risk and all its rewards, is a strength of our country and a model for the world. Yet, free markets are not a jungle in which only the unscrupulous survive or a financial free-for-all guided only by greed. The fundamentals of a free market—buying and selling, saving and investing—require clear rules and confidence in basic fairness.

The only risks, the only fair risks are based on honest information. Tricking an investor into taking a risk is theft by another name. Corporate executives must set an ethical tone for their companies. They must understand the skepticism Americans feel and take action to set clear standards of right and wrong. Those who break the rules tarnish a great economic system that provides opportunity for all.

Their actions hurt workers who committed their lives to building the company that hired them. Their actions hurt investors and retirees who placed their faith in the promise of growth and integrity. For the sake of our free economy, those who break the law, break the rules of fairness, those who are dishonest, however wealthy or successful they may be, must pay a price.

Today we are taking practical steps to encourage honest enterprise in our Nation. Under this law, CEOs and chief financial officers must personally vouch for the truth and fairness of their companies' disclosures. Those financial disclosures will be broader and better, for the sake of shareholders and investors.

Corporate officials will play by the same rules as their employees. In the periods when workers are prevented from buying and selling stock in their pensions or 401(k)s, corporate officials will also be barred from any buying or selling.

Corporate misdeeds will be found and will be punished. This law authorizes new funding for investigators and technology at the Securities and Exchange Commission to uncover wrongdoing. The SEC will now have the administrative authority to bar dishonest directors and officers from ever again serving in positions of corporate responsibility. The penalties for obstructing justice and shredding documents are greatly increased. Corporate crime will no longer pay. CEOs who profit by betraying the public trust will be forced to return those gains to investors. And the maximum prison term for common types of fraud has quadrupled from 5 to 20 years.

For the first time, the accounting profession will be regulated by an independent board. This board will set clear standards to uphold the integrity of public audits and have the authority to investigate abuses and discipline offenders. And auditing firms will no longer be permitted to provide consulting services that create conflicts of interest.

This law gives my administration new tools for enforcement. We will use them to the fullest. We will continue to investigate, arrest, and prosecute corporate officials who break the law. The Corporate Fraud Task Force I established is now hard at work, overseeing investigations of alleged fraud and insider trading. More than 200 Federal prosecutors are at work detecting and punishing corporate crimes. Every corporate official who has chosen to commit a crime can expect to face the consequences. No more easy money for corporate criminals, just hard time.

As the work of enforcement proceeds, I hope Congress will join me in other important efforts to protect the savings and investments of Americans preparing for retirement. We've seen how workers can lose a lifetime of savings overnight, locked into pension plans without adequate choices and information.

Workers should be able to sell company stock and diversify into other investments after 3 years in their own company's plan. They should receive updates on their retirement accounts, not once a year but every 3 months. They should have access to sound investment advice. I have proposed pension protection reforms. The House has passed them. I hope the Senate takes them up soon.

We must also work together to promote more growth in the economy and jobs for the American people. The fundamentals of our economy are sound. After all, sales of automobiles and new houses are on the rise. New unemployment claims have been falling since April. Inflation is low. Productivity is increasing, and growth continues. Those are signs of strength in our economy, and with the right policies, we can build on it.

We must continue to work to control Federal spending and make the tax cuts permanent, so Americans can save and plan for their own future. We must tear down trade barriers, so people everywhere can buy American. We must make terrorism insurance available to spur more construction. And on energy, we must encourage conservation through new technology and produce more energy at home, to give our economy safe and steady sources of power and make our country less reliant upon foreign sources of power.

The attacks against our economy in the last year have caused deep hardship and highlighted the economy's fundamental strength. The American economy is more diverse and more innovative than ever before, and its greatest strength, the people who make it work, are better trained and more productive and more highly skilled than ever before.

Whenever we face challenges, from the fear that threatened our economy after September the 11th to the fraud that threatens investor confidence today, we've tackled them head on. The American economy depends on fairness and honesty. The vast majority of businesses uphold those values. With this law, we have new tools to enforce those values, and we will use those tools aggressively to defend our free enterprise system against corruption and crime.

It is now my honor to sign the Sarbanes-Oxley Act of 2002.

NOTE: The President spoke at 10:15 a.m. in the East Room at the White House. H.R. 3763, approved July 30, was assigned Public Law No. 107-204.