

## S 2010

Corporate and Criminal Fraud Accountability Act of 2002

**Congress:** 107 (2001–2003, Ended)

**Chamber:** Senate

**Policy Area:** Crime and Law Enforcement

**Introduced:** Mar 12, 2002

**Current Status:** Committee on the Judiciary Subcommittee on Crime and Drugs. Hearings held.

**Latest Action:** Committee on the Judiciary Subcommittee on Crime and Drugs. Hearings held. (Jun 19, 2002)

**Official Text:** <https://www.congress.gov/bill/107th-congress/senate-bill/2010>

### Sponsor

**Name:** Sen. Leahy, Patrick J. [D-VT]

**Party:** Democratic • **State:** VT • **Chamber:** Senate

### Cosponsors (19 total)

| Cosponsor                         | Party / State | Role | Date Joined  |
|-----------------------------------|---------------|------|--------------|
| Sen. Daschle, Thomas A. [D-SD]    | D · SD        |      | Mar 12, 2002 |
| Sen. Durbin, Richard J. [D-IL]    | D · IL        |      | Mar 12, 2002 |
| Sen. Harkin, Tom [D-IA]           | D · IA        |      | Mar 12, 2002 |
| Sen. Stabenow, Debbie [D-MI]      | D · MI        |      | Apr 24, 2002 |
| Sen. Cleland, Max [D-GA]          | D · GA        |      | Apr 29, 2002 |
| Sen. Edwards, John [D-NC]         | D · NC        |      | Apr 29, 2002 |
| Sen. Levin, Carl [D-MI]           | D · MI        |      | Jun 3, 2002  |
| Sen. Biden, Joseph R., Jr. [D-DE] | D · DE        |      | Jun 4, 2002  |
| Sen. Feingold, Russell D. [D-WI]  | D · WI        |      | Jun 6, 2002  |
| Sen. Kennedy, Edward M. [D-MA]    | D · MA        |      | Jun 6, 2002  |
| Sen. Corzine, Jon S. [D-NJ]       | D · NJ        |      | Jun 21, 2002 |
| Sen. Boxer, Barbara [D-CA]        | D · CA        |      | Jun 24, 2002 |
| Sen. Kerry, John F. [D-MA]        | D · MA        |      | Jul 8, 2002  |
| Sen. McCain, John [R-AZ]          | R · AZ        |      | Jul 8, 2002  |
| Sen. Miller, Zell [D-GA]          | D · GA        |      | Jul 8, 2002  |
| Sen. Brownback, Sam [R-KS]        | R · KS        |      | Jul 9, 2002  |
| Sen. Nelson, Bill [D-FL]          | D · FL        |      | Jul 9, 2002  |
| Sen. Schumer, Charles E. [D-NY]   | D · NY        |      | Jul 9, 2002  |
| Sen. Johnson, Tim [D-SD]          | D · SD        |      | Jul 10, 2002 |

### Committee Activity

| Committee           | Chamber | Activity                   | Date         |
|---------------------|---------|----------------------------|--------------|
| Judiciary Committee | Senate  | Hearings By (subcommittee) | Jun 19, 2002 |

## Subjects & Policy Tags

### Policy Area:

Crime and Law Enforcement

### Related Bills

| Bill        | Relationship   | Last Action  |
|-------------|----------------|--|
| 107 HR 4098 | Companion bill | <b>May 6, 2002:</b> Referred to the Subcommittee on Crime, Terrorism, and Homeland Security. |

### Summary (as of May 6, 2002)

Corporate and Criminal Fraud Accountability Act of 2002 - Amends the Federal criminal code to prohibit: (1) any person from knowingly destroying, altering, concealing, or falsifying records with the intent to obstruct or influence an investigation in a matter in Federal jurisdiction or in bankruptcy; and (2) an accountant who conducts an audit of an issuer of securities from failing to maintain all audit or review work papers for a five-year period. Directs the Securities and Exchange Commission to promulgate regulations regarding the retention by such an accountant of audit records that contain conclusions, opinions, analyses, or financial data.

(Sec. 3) Amends Federal bankruptcy law to make certain debts that arise under claims relating to the violation of Federal or State securities laws or common law fraud in connection with the purchase or sale of any security and that result from any Federal or State court order, settlement agreement, or administrative order or penalty non-dischargeable in bankruptcy.

(Sec. 4) Amends the Federal judicial code to authorize a private right of action that involves a securities fraud-related claim to be brought not later than the earlier of five years after the date of the alleged violation or two years after its discovery.

(Sec. 5) Directs the United States Sentencing Commission to review and amend the Federal sentencing guidelines to ensure that the offense levels, existing enhancements, and/or offense characteristics are sufficient to deter and punish violations involving: (1) obstruction of justice; (2) record destruction; (3) fraud when the number of victims adversely involved is significantly greater than 50 or when it endangers the solvency or financial security of a substantial number of victims; and (4) organizational criminal misconduct.

(Sec. 6) Prohibits any company with securities registered on a national security exchange (publicly traded company) from discharging or otherwise discriminating against an employee because of any lawful act by the employee to: (1) disclose information or otherwise assist in an investigation by Federal regulators, Congress, or supervisors of prohibited conduct; or (2) file or participate in a proceeding relating to fraud against shareholders. Allows an aggrieved employee to: (1) file a complaint with the Secretary of Labor; or (2) if the Secretary has not issued a final decision within 180 days and there is no showing that such delay is due to the bad faith of the claimant, to bring an action in the appropriate U.S. district court. Delineates remedies, including reinstatement, back pay, and compensatory damages, if the claimant prevails.

(Sec. 7) Provides that any person who defrauds shareholders of publicly traded companies shall be fined and/or imprisoned for up to ten years.

## **Actions Timeline**

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- **Jun 19, 2002:** Committee on the Judiciary Subcommittee on Crime and Drugs. Hearings held.
- **Jun 7, 2002:** Sponsor introductory remarks on measure. (CR S5252-5254)
- **May 6, 2002:** Committee on the Judiciary. Reported by Senator Leahy with an amendment in the nature of a substitute. With written report No. 107-146. Additional views filed.
- **May 6, 2002:** Placed on Senate Legislative Calendar under General Orders. Calendar No. 366.
- **Apr 25, 2002:** Committee on the Judiciary. Ordered to be reported with an amendment in the nature of a substitute favorably.
- **Mar 12, 2002:** Introduced in Senate
- **Mar 12, 2002:** Sponsor introductory remarks on measure. (CR S1785-1788)
- **Mar 12, 2002:** Read twice and referred to the Committee on the Judiciary. (text of measure as introduced: CR S1789-1790)

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