

HR 5118

Corporate Fraud Accountability Act of 2002

Congress: 107 (2001–2003, Ended)

Chamber: House

Policy Area: Crime and Law Enforcement

Introduced: Jul 15, 2002

Current Status: Read twice and referred to the Committee on the Judiciary.

Latest Action: Read twice and referred to the Committee on the Judiciary. (Jul 19, 2002)

Official Text: <https://www.congress.gov/bill/107th-congress/house-bill/5118>

Sponsor

Name: Rep. Sensenbrenner, F. James, Jr. [R-WI-9]

Party: Republican • State: WI • Chamber: House

Cosponsors (13 total)

| Cosponsor | Party / State | Role | Date Joined |
|---|---------------|------|--------------|
| Rep. Coble, Howard [R-NC-6] | R · NC | | Jul 15, 2002 |
| Rep. Gekas, George W. [R-PA-17] | R · PA | | Jul 15, 2002 |
| Rep. Goodlatte, Bob [R-VA-6] | R · VA | | Jul 15, 2002 |
| Rep. Hart, Melissa A. [R-PA-4] | R · PA | | Jul 15, 2002 |
| Rep. Hyde, Henry J. [R-IL-6] | R · IL | | Jul 15, 2002 |
| Rep. Smith, Lamar [R-TX-21] | R · TX | | Jul 15, 2002 |
| Rep. Tauzin, W. J. (Billy) [R-LA-3] | R · LA | | Jul 15, 2002 |
| Rep. Baker, Richard H. [R-LA-6] | R · LA | | Jul 16, 2002 |
| Rep. Capito, Shelley Moore [R-WV-2] | R · WV | | Jul 16, 2002 |
| Rep. Frelinghuysen, Rodney P. [R-NJ-11] | R · NJ | | Jul 16, 2002 |
| Rep. Oxley, Michael G. [R-OH-4] | R · OH | | Jul 16, 2002 |
| Rep. Rehberg, Dennis R. [R-MT-At Large] | R · MT | | Jul 16, 2002 |
| Rep. Walden, Greg [R-OR-2] | R · OR | | Jul 16, 2002 |

Committee Activity

| Committee | Chamber | Activity | Date |
|------------------------------|---------|-------------|--------------|
| Financial Services Committee | House | Referred To | Jul 15, 2002 |
| Judiciary Committee | House | Referred to | Jul 15, 2002 |
| Judiciary Committee | Senate | Referred To | Jul 19, 2002 |

Subjects & Policy Tags

Policy Area:

Crime and Law Enforcement

Related Bills

| Bill | Relationship | Last Action |
|-------------|--------------|---|
| 107 HR 3763 | Related bill | Jul 30, 2002: Became Public Law No: 107-204. |

Summary (as of Jul 16, 2002)

Corporate Fraud Accountability Act of 2002 - Amends Federal criminal law to: (1) increase the maximum penalties for mail fraud and for wire fraud; and (2) establish criminal penalties for knowing perpetration of securities fraud and for tampering with a record or otherwise impeding an official proceeding.

(Sec. 4) Requests the United States Sentencing Commission to: (1) promptly review sentencing guidelines applicable to securities and accounting fraud; and (2) expeditiously consider promulgation of new sentencing guidelines to provide an enhancement for officers or directors of publicly traded corporations who commit fraud and related offenses. Prescribes guidelines for Commission consideration, including a request that it ensure that the sentencing guidelines and policy statements reflect the serious nature of securities, pension, and accounting fraud and the need for aggressive and appropriate law enforcement action to prevent such offenses. Sets a deadline for promulgation of such guidelines.

(Sec. 5) Amends Federal bankruptcy law to declare nondischargeable in bankruptcy debts that have been incurred in violation of Federal or State laws governing securities fraud, deceit, or manipulation.

(Sec. 6) Amends Federal criminal law to mandate that senior corporate officers certify in writing that financial statements fairly and accurately represent in all material aspects the operations and financial condition of the issuer.

Subjects senior corporate officers to criminal liability for violations of this requirement, including: (1) maximum imprisonment of ten years for knowingly violating financial report requirements; and (2) maximum imprisonment of 20 years for willfully violating such requirements.

(Sec. 7) Subjects any attempt or conspiracy to commit any offense against the United States to the same penalties as those prescribed for the offense.

(Sec. 8) Amends the Securities Exchange Act of 1934 to: (1) increase criminal penalties for violations; and (2) authorize the Securities and Exchange Commission (SEC) to seek a temporary injunction to freeze extraordinary payments earmarked for designated persons or corporate staff under investigation for possible violations of Federal securities laws.

(Sec. 10) Amends the Securities Exchange Act of 1934 and the Securities Act of 1933 to authorize the SEC to prohibit violators of certain provisions from serving as officers or directors of a publicly traded corporation.

(Sec. 11) Amends Federal criminal law to establish criminal penalties for intentional retaliation against any person who has provided information to a law enforcement officer regarding the commission of a Federal offense.

Actions Timeline

- **Jul 19, 2002:** Read twice and referred to the Committee on the Judiciary.
- **Jul 17, 2002:** Received in the Senate.
- **Jul 16, 2002:** Mr. Sensenbrenner moved to suspend the rules and pass the bill, as amended.
- **Jul 16, 2002:** Considered under suspension of the rules. (consideration: CR H4683-4694)
- **Jul 16, 2002:** DEBATE - The House proceeded with forty minutes of debate on H.R. 5118.
- **Jul 16, 2002:** Passed/agreed to in House: On motion to suspend the rules and pass the bill, as amended Agreed to by the Yeas and Nays: (2/3 required): 391 - 28 (Roll no. 299).(text: CR H4683-4684)
- **Jul 16, 2002:** Motion to reconsider laid on the table Agreed to without objection.
- **Jul 16, 2002:** On motion to suspend the rules and pass the bill, as amended Agreed to by the Yeas and Nays: (2/3 required): 391 - 28 (Roll no. 299). (text: CR H4683-4684)
- **Jul 15, 2002:** Introduced in House
- **Jul 15, 2002:** Introduced in House
- **Jul 15, 2002:** Referred to the Committee on the Judiciary, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.
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- **Jul 15, 2002:** Referred to the Subcommittee on Crime, Terrorism, and Homeland Security.