

HM 1307

2012

1 House Memorial

2 A memorial to the Congress of the United States,
3 urging Congress to repeal the Sarbanes-Oxley Act of
4 2002.

5
6 WHEREAS, the Sarbanes-Oxley Act was enacted on July 30,
7 2002, in Pub. L. No. 107-204, and

8 WHEREAS, the stated purpose of the act is "to protect
9 investors by improving the accuracy and reliability of corporate
10 disclosures made pursuant to the securities laws . . .," and

11 WHEREAS, this federal legislation was passed with the best
12 of corrective intentions after the discovery of corporate fraud
13 and accounting scandals that cost investors and retirees
14 billions of dollars, and

15 WHEREAS, the Sarbanes-Oxley Act, in spite of the good
16 intentions that motivated its passage, has created an extremely
17 complex maze of federal regulations that are costly and damaging
18 to public companies and diminish the companies' ability to
19 compete against foreign financial entities that are not subject
20 to its regulations, and

21 WHEREAS, section 404 of the act, as amended in 2010 by the
22 Dodd-Frank Wall Street Reform and Consumer Protection Act,
23 requires management of a company to assess and produce a report
24 on the adequacy of its internal control structure, after which
25 the company's registered accounting firm must then attest to the
26 assessments made by management, and

27 WHEREAS, the enormous work required to gather the
28 information and have it verified through an outside audit is an

HM 1307

2012

29 | extraordinarily time consuming and expensive undertaking, the
 30 | cost of which disproportionately impacts smaller businesses, and

31 | WHEREAS, one study suggests that the expense of complying
 32 | with section 404 has cost companies an average of \$5.1 million
 33 | in a single reporting year and a separate study concluded that
 34 | the Sarbanes-Oxley Act increased compliance costs by as much as
 35 | 130 percent for each company, while other observers have noticed
 36 | a dramatic decrease in initial public offerings on American
 37 | stock exchanges in response to the demands of section 404, and

38 | WHEREAS, the costs that businesses must bear to comply with
 39 | the extensive provisions of the Sarbanes-Oxley Act are
 40 | unnecessary and crippling, and

41 | WHEREAS, financial market scholars have observed that the
 42 | Sarbanes-Oxley Act has produced the unfortunate consequence of
 43 | discouraging American businesses from listing with New York
 44 | stock exchanges and listing instead in England where the markets
 45 | and stock exchanges are less heavily regulated, and

46 | WHEREAS, the Sarbanes-Oxley Act is a very costly example of
 47 | Federal Government intrusion that imposes unnecessary regulatory
 48 | costs on American businesses and interferes with basic free
 49 | market principles, and

50 | WHEREAS, instead of preventing fraud and ensuring
 51 | transparency, the extensive regulations created by the Sarbanes-
 52 | Oxley Act have thwarted the creation of new public companies,
 53 | driven business away from domestic stock markets, and cost the
 54 | industrial sector billions of dollars, NOW, THEREFORE,

55 |
 56 | Be It Resolved by the Legislature of the State of Florida:

HM 1307

2012

57

58 That the Congress of the United States is urged to repeal
59 the Sarbanes-Oxley Act of 2002 to remove the damaging obstacles
60 that the act has created for American public companies and
61 replace it with reasonable non-intrusive measures to protect
62 investors.

63

64 BE IT FURTHER RESOLVED that copies of this memorial be
65 dispatched to the President of the United States, to the
66 President of the United States Senate, to the Speaker of the
67 United States House of Representatives, and to each member of
the Florida delegation to the United States Congress.