

AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS



815 SIXTEENTH STREET, N.W.
WASHINGTON, D.C. 20006

JOHN J. SWEENEY
PRESIDENT

RICHARD L. TRUMKA
SECRETARY-TREASURER

LINDA CHAVEZ-THOMPSON
EXECUTIVE VICE-PRESIDENT

LEGISLATIVE ALERT!

(202) 637-5090

April 24, 2007

The Honorable Chris Dodd, Chairman
Senate Committee on Banking, Housing and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Richard Shelby, Ranking Minority Member
Senate Committee on Banking, Housing and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Dodd and Ranking Minority Member Shelby:

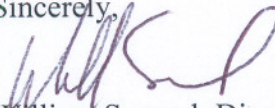
We understand Senator De Mint is considering offering an amendment to S. 761, the America COMPETES Act, that would profoundly weaken the Sarbanes-Oxley Act by exempting the majority of public companies from having to report to their shareholders on the state of their internal controls. The AFL-CIO urges you as the Chairman and ranking member of the Committee of jurisdiction to ensure that this attempt to sneak a profoundly anti-investor measure through the Senate without proper committee scrutiny fails.

The Sarbanes-Oxley Act was critical to restoring investors' faith in our securities markets after the Enron and Worldcom scandals and in protecting working people's retirement savings in the years since its passage. The internal controls provisions of Sarbanes-Oxley embody the common sense proposition that no company should be able to offer securities to the investing public without having adequate internal controls to ensure its financial statements are accurate and not fictional. Companies that cannot manage this basic task should not be public companies. Senator De Mint's bill would exempt all public companies with a market capitalization of less than \$700 million, which would include thousands of companies that have been in full compliance with the Sarbanes-Oxley Act's internal control provisions for years.

Recently the Public Company Accounting Oversight Board and the Securities and Exchange Commission have proposed revised rules implementing the internal controls provisions of the Sarbanes-Oxley Act. The AFL-CIO supports in general the simplification of the rules implementing the internal controls provisions of the Sarbanes-Oxley Act, and we note that both the chairman of the SEC and the chairman of the PCAOB have in the last month told Congress they do not believe any statutory changes are necessary or advisable to the Sarbanes-Oxley Act.

In conclusion, Senator De Mint's proposed amendment is anti-investor, ill-considered, and not germane to S. 761. We hope you both will take the lead in ensuring it does not move forward.

Sincerely,

A handwritten signature in dark ink, appearing to read "William Samuel", written in a cursive style.

William Samuel, Director

DEPARTMENT OF LEGISLATION