News Release

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WLF URGES COURT TO NULLIFY SARBANES-OXLEY ACCOUNTING OVERSIGHT BOARD
(*Free Enterprise Fund v. PCAOB*)

The Washington Legal Foundation (WLF) filed a brief in the U.S. District Court for the District of Columbia yesterday urging the Court to strike down as unconstitutional the Public Company Accounting Oversight Board (PCAOB) established by Congress under the Sarbanes-Oxley Act of 2002. Congress gave the PCAOB massive and unchecked powers to regulate the auditing of publicly traded companies by public accounting firms, including the power to tax the firms and establish criminal penalties.

Congress established the PCAOB as a private organization whose members are appointed by the Securities and Exchange Commission (SEC) rather than by the President as required by the Appointments Clause of Article II, and who are otherwise immune from control or removal by the President in violation of the separation of powers. More troubling, as WLF emphasized in its 20-page brief, Congress unconstitutionally delegated core legislative powers to the PCAOB.

WLF's brief also described the enormous economic impact that the PCAOB has on the American economy, which further demonstrates the dangers of circumventing the constitutional design and political accountability. In the first year alone, regulation by the PCAOB has cost American businesses some $35 billion, and has been especially harmful to smaller businesses and investors.

"Sarbanes-Oxley has been an unmitigated disaster for American businesses, while an unaccountable PCAOB runs amok among the accounting industry and our nation's public companies," said Paul Kamenar, WLF's Senior Executive Counsel.

WLF's brief was filed as part of its Investor Protection Program (IPP) designed to prevent the loss of stock value due to abusive securities and related class actions, and reduced profitability due to burdensome and costly regulations. WLF's brief was drafted with the *pro bono* assistance of Kathryn Comerford Todd, partner in the Washington, D.C. firm of Wiley, Rein & Fielding, LLP, and associates Thomas R. McCarthy and William S. Consovoy.

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For further information, contact Paul Kamenar, WLF's Senior Executive Counsel, at 202-588-0302. WLF's brief is posted on its website at *www.wlf.org*.