

United States Senate

COMMITTEE ON BANKING, HOUSING,
AND URBAN AFFAIRS
WASHINGTON, D.C. 20510

February 4, 1981

The Honorable Harold Williams
Chairman
The Securities and Exchange Commission
500 North Capitol Street
Washington, D. C. 20549

Dear Chairman Williams:

During the past several months I have received numerous complaints from Michigan businessmen regarding the vagueness of the Foreign Corrupt Practices Act of 1977 and the costs of complying with this legislation.

For some time now I have been personally interested in seeing the accounting provisions of this statute amended. Therefore, it was with considerable interest that I read your remarks of January 13, 1981 to the American Institute of Certified Public Accountants.

I share your concern that the anxieties created by the Foreign Corrupt Practices Act have been without equal and I am committed to reducing those anxieties.

Your speech touched many of the problems that I have with this legislation. Before mentioning them, you should know that as a general proposition, I believe that the law of the land should be clear on its face and self-explanatory. The fewer guidelines necessary to interpret it, the better. Unfortunately, I do not believe the Foreign Corrupt Practices Act meets these standards. To the contrary, I believe that the uncertainty of this legislation is having a debilitating effect on the activities of those who seek to comply with the law.

Your speech directs attention to a number of interpretative questions that have arisen including: 1. The degree of exactitude in recordkeeping mandated by the Act. 2. The deference it affords business decisions concerning internal controls. 3. Whether a particular state of mind is necessary for a violation to exist. 4. The responsibility of an issuer for the compliance of its subsidiaries.

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To the maximum extent possible, I believe that the answers to these questions should be clarified and codified in the Foreign Corrupt Practices Act itself.

As I previously indicated, I am interested in seeing the accounting provisions of the Act amended and am considering several changes to accomplish this purpose.

Toward that end -- and recognizing that the Commission and its staff have substantial experience with the Act -- I would very much appreciate it if you would authorize the Commission staff to provide technical drafting assistance in this effort.

I hope you would agree that more concrete parameters should be established in this statute and that by working together we might improve this legislation. At the same time, please know that I do not believe the basic intent of the law should be questioned.

I look forward to the expeditious assistance of the Commission staff in this matter.

Very truly yours,

Donald W. Riegle, Jr.