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**INVESTOR ADVOCATES URGE CONGRESS TO UPHOLD THE AUTHORITY OF STATE AND FEDERAL LAW ENFORCEMENT OFFICERS, U.S. ACCOUNTING STANDARDS AND PRIVATE RIGHTS OF ACTION IN ADMINISTRATION'S \$700 BILLION WALL STREET BAILOUT PROPOSAL AND FUTURE REGULATORY REFORMS**

WASHINGTON, DC, September 22 -- Carol Gilden, Esq., President of the National Association of Shareholder and Consumer Attorneys today sent this statement to key Members of Congress considering the Bush Administration's Wall Street bailout proposal delivered to legislators on Saturday that gives the Treasury Secretary authority to take actions he deems necessary "without limitations":

"The unprecedented financial crisis Congress and the Administration are now coming to grips with has revealed certain facts and lessons of history that the National Association of Shareholder and Consumer Attorneys (NASCAT) is qualified to address. Our member attorneys and the individual, pension fund and retirement plan investors they represent have successfully brought private actions against the managements of Enron and WorldCom and many other wrongdoers, and have recovered billions of dollars for investors otherwise lost to fraud and abuse.

"During the past two years, even while Wall Street firms were handing out tens of billions of dollars in bonuses to executives, many of these same firms had misrepresented the value of mortgage backed securities (MBS) and collateralized debt obligations (CDOs) held on their own books and sold to other investors. At the same time, the actual subprime mortgage loan originators misrepresented the strength and integrity of their lending policies and procedures. On Friday, Federal Reserve Chairman Bernanke said our problem stems from what in fact were 'lax underwriting practices' that were not truthfully disclosed. Had these corporations been honest about their practices and the true value of, and risks inherent, in these securities, the current crisis may never have developed as it did.

“These practices were not victimless excesses stemming from market exuberance. The calculated wrongdoing of many financial executives has now placed the hard won savings and retirements of the majority of Americans at risk. At risk are the pensions covering many of NASCAT’s clients including public school teachers, firemen, policemen, union workers and the individual retirement accounts and plans of tens of millions of more Americans.

“Recognizing this wrongdoing for what it was, state attorneys general, our frequent allies in the fight to uphold investor protection and recover fraud losses, had begun in 2003 to investigate the abusive and misleading practices of subprime mortgage lenders that they believed violated state laws. Had the efforts of state attorneys general not been halted by the Bush Administration’s federal preemption of the authority of state consumer protection law and law enforcement officers, the subprime mortgage based crisis now upon us might well have been averted. Certainly, there would be far fewer ‘bad’ subprime mortgages sold by loan originators to packagers and marketers of mortgage-backed securities that taxpayers are now being asked to buy.

“Given these facts, as Congress weighs the proposal to federalize vast parts of our financial system and give the executive branch unbridled authority over our markets, law makers should be mindful of the hard-taught lessons of post-Depression American history. In addition to this bailout plan, the next Administration and Congress will be considering regulatory reforms to ensure such a crisis is not repeated. As Congress moves forward on all fronts, NASCAT urges it and the next Administration to consider these lessons of experience:

-- The authority of federal and state regulators and state attorneys general should neither be diminished nor curbed by any new actions by the legislative or executive branches of our federal government in its effort to address this financial crisis in our capital markets.

-- As we face and work through a financial crisis of unknown magnitude, the SEC should halt its reckless push to shift America’s corporate accounting system from our proven U.S. rule-based Generally Accepted Accounting Standards and regulatory oversight to the more lax and less regulated International Accounting Reporting Standards. This is no time to endanger investor protection by giving corporate and financial institutions greater latitude in reporting their financial results.

-- Investor civil actions remain, in the Securities and Exchange Commission’s traditional words, ‘a necessary supplement to the Commission's efforts.’ In addition to helping police securities markets, private law suits provide the primary method for defrauded investors to recover their losses. It would be a tragic error to further dilute the rights of private investors to take actions against those who perpetrate fraud and abuse.

-- The shields against corporate and financial institution accountability erected by the Supreme Court that protect from liability those who knowingly aid and abet securities fraud and otherwise knowingly engage in schemes to defraud and mislead investors should be removed by Congress. There is little doubt that these shields against liability

helped embolden corporate and financial players to engage in massive wrongdoing and take trillion dollar risks at the expense of investors, homeowners and, now, taxpayers.”

The National Association of Shareholder and Consumer Attorneys is a Washington, DC based nonprofit organization comprised of about 100 law firms representing consumers and investors - including pension funds and individuals - in cases of securities fraud and other forms of "white collar" wrongdoing and criminal activity.

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