

1 of 100 DOCUMENTS

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HEADLINE: GUESS WHO'S GOING AFTER WALL STREET

BYLINE: By Amy Borrus with Lorraine Woellert in Washington

HIGHLIGHT:

Senator -- and ex-Goldman CEO -- Corzine wants more regulation

BODY:

For most lawmakers on Capitol Hill, Enron Corp.'s collapse was an eye-opener. But to Senator Jon S. Corzine, it had a painfully familiar ring. The 55-year-old freshman Democrat from New Jersey watched a parade of Wall Street financial scandals from a front seat in his 25 years at Goldman, Sachs & Co., five as chairman and CEO.

Investment bankers aren't known for their partiality to regulation, but in an odd political twist, the Senate's only Wall Street CEO -- and one of its richest members -- has seized on Enron's implosion to try to put more cops on the financial beat. The circumstances and his background have let him carve out an unusually high profile for a junior senator. But in the process, Corzine, previously best known for spending \$ 60 million of his own money to get elected in 2000, is out of step with many former colleagues. Corzine insists he's not a latter-day convert to regulation. As early as 1986, he supported a law to regulate firms that trade in government securities. "I've always thought that if markets had the equivalent of the police officer on the street corner, we could cut down on some of the excesses," he says.

Corzine has championed new curbs on 401(k) pension plans, accounting firms, corporate boards, and campaign finance (table) that have put him at odds with an array of trade groups. The Securities Industry Assn. and employer groups shunned a bill he co-sponsored that would cap at 20% the holdings of any one stock in 401(k) plans. Republicans scoffed that Corzine would deny workers the same chance he had to get rich off company stock. The bulk of Corzine's estimated \$ 300 million fortune is concentrated in Goldman shares he pocketed in 1999, when the firm went public. Corzine ultimately backed off his proposal and on Mar. 6 threw his support behind a new pension bill sponsored by Senator Edward M. Kennedy (D-Mass.) that relies on incentives for diversifying holdings in 401(k) plans instead of a cap. "Liberals are very good at telling other people what to do," says Senator Jon Kyl (R-Ariz.). Tech-company executives, meanwhile, blanch at Corzine's push for accounting-rule changes that would force them to recognize the cost of stock options on their income statements.

Business Week, March 18, 2002

Corzine still argues that ensuring diversified retirement portfolios is prudent, especially when the government gives tax breaks on the accounts. And, he points out, his Goldman Sachs shares aren't in a tax-deferred plan. As for options, Corzine says current rules hinder comparisons of companies' earnings: "When you don't show the expense of your options at the time they're awarded, those who pay [employees] with cash get penalized."

Corzine's high-powered background has made him the Democrats' go-to guy on financial issues. "When he talks, people listen," says Senator Kent Conrad (D-N.D.), chairman of the Budget Committee, on which Corzine serves. And the self-effacing demeanor of the Illinois farmboy-turned-investment-banker helps pave his way. Says Conrad: "He's very easy on the nerves."

Still, even some Democrats were leery of his original plan to put a cap on individual equities in 401(k)s. Corzine's approach to policing the accounting industry is more widely accepted. He and Senator Christopher Dodd (D-Conn.) planned to introduce a bill on Mar. 7 that would create a new oversight body and bar auditors from selling consulting services to audit clients.

Associates say Corzine's liberal-populist streak -- he backs gun control and universal health care -- runs deep. Still, he hasn't always been such an ardent reformer. He didn't weigh in publicly in 1999, when former Securities & Exchange Commission Chairman Arthur Levitt Jr. tried to stop accounting firms from doing consulting work for audit clients. Corzine says he was busy with Goldman's initial public offering.

Despite what his Beltway critics say, his constituents seem to like him. Corzine's approval ratings have shot up from 35% to 51% in the past year, a Quinnipiac University poll shows. New Jerseyans are relieved he isn't a clueless Mr. Moneybags, political analysts say. His professional metamorphosis seems well timed. Whether he makes as big a mark in Washington as he did on the Street remains to be seen.

Corzine's Agenda

How the senator from Wall Street would toughen financial regulation
401(k)s

Backs Kennedy bill to diversify stock holdings in retirement plans.

ACCOUNTANTS

Ban firms from selling other services to audit clients and ban them from auditing companies that recently hired their staffers as top financial officers.
Create new oversight and disciplinary body.

OPTIONS

Force companies to deduct the cost of stock options from their income.

CORPORATE GOVERNANCE

Require prompt disclosure of corporate insiders' transactions. Ensure audit committees' independence with new rules.

CAMPAIGN FINANCE

Ban unregulated, unlimited donations to political parties.

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