

Contents

| | |
|--|-------------|
| Preface | ix |
| Introduction | xiii |
| CHAPTER 1 | |
| Virtue Lost | 1 |
| Introduction | 1 |
| Methodology | 4 |
| Methodological Limitations | 4 |
| The Modern Corporation and Virtue | 5 |
| The Policy Framework | 26 |
| Conclusions | 41 |
| CHAPTER 2 | |
| An Introduction to WorldCom: A Policy Primer | 47 |
| Introduction | 47 |
| WorldCom | 48 |
| The Source of Conflict | 50 |
| Rules versus Laws | 51 |
| The Case for Intentionality | 53 |
| Regulatory Contribution | 55 |
| WorldCom as a Basis for the Sarbanes-Oxley Act | 56 |
| CHAPTER 3 | |
| The Enactment Process | 59 |
| Introduction | 59 |
| The Enactment Process | 62 |
| The Law's Effects | 69 |
| Current Arguments in Favor of the Sarbanes-Oxley Act | 75 |
| Institutional Precedents | 78 |

| | |
|---|------------|
| CHAPTER 4 | |
| CEO Perception | 81 |
| Summary | 81 |
| Introduction | 81 |
| Summary of Relevant Literature | 82 |
| Survey | 83 |
| Results | 84 |
| Discussion | 88 |
| Appendix to Chapter 4 | 89 |
| | |
| CHAPTER 5 | |
| Sarbanes-Oxley's Effect on Investor Risk | 97 |
| Summary | 97 |
| Introduction | 98 |
| Extending CAPM | 99 |
| Hypotheses | 100 |
| Evaluation of Risk | 102 |
| Estimation and Results | 105 |
| Discussion | 114 |
| | |
| CHAPTER 6 | |
| An Audit of Sarbanes-Oxley | 125 |
| Introduction | 125 |
| A Conceptual Foundation | 126 |
| Internal Controls | 128 |
| The Audit Framework | 130 |
| Effect on Unintentional Sources of Error | 134 |
| Effect on Corporate Malfeasance | 138 |
| Conclusions | 146 |
| | |
| CHAPTER 7 | |
| The Underlying Vision | 149 |
| Econometrics in Policy Analysis | 149 |
| A Model Predicated on "Unobservables" | 151 |
| Conclusions | 165 |

| | |
|--|------------|
| CHAPTER 8 | |
| The Argument for Accountability | 169 |
| Introduction | 169 |
| Professional Liability | 170 |
| Policy Misuse | 172 |
| The Case for Culpability | 174 |
| The Improbability of Accountability | 177 |
| Conclusions | 180 |
| | |
| CHAPTER 9 | |
| Why Sarbanes-Oxley? | 183 |
| Introduction | 183 |
| Methodology | 186 |
| The Port Huron Statement | 190 |
| Why Sarbanes-Oxley? | 202 |
| | |
| Notes | 205 |
| | |
| About the Authors | 263 |
| | |
| Index | 265 |

<http://www.pbookshop.com>

<http://www.pbookshop.com>