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Sarbanes-Oxley Disclosures Serve as a Boon for Business Journalists



By Michelle Leder
August 9, 2007

If July 30 came and went without you singing Happy Birthday, like the Singing CPA in [this video](#), it's still not too late. Granted, it's kind of hard to sing to a piece of legislation. But for many business journalists, Sarbanes-Oxley, or SOX, was more than a piece of legislation. It was nothing short of a life-changing event.



OK, OK, maybe I'm overstating it a bit. But just think back to five years ago when many of the things that are now routinely disclosed, like a \$1,000 physical at the Mayo Clinic that was recently offered to the chief executive of the department store chain Saks, never saw the light of day. Of course, it wasn't just perks that were hidden. Remember off-balance sheet obligations? Or deferred compensation? How about detailed disclosures on stock options?

All of these new disclosures have not only led to better business reporting, they've also helped create more efficient capital markets. Today, the information needed to make better investment decisions is more readily available. Without comprehensive information, investing begins to resemble playing the slot machines: you put your money in and you take your chances.

Of course, the downside is that much of this new information is still incredibly difficult to read and digest. Even though I've been doing this for years, my eyes still usually glaze over when I try to get through a footnote on financial instruments (aka derivatives) or leasing in a 10-K or 10-Q.

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Of course, most of the people who are responsible for preparing the financial statements and accompanying footnotes say that the new rules only add to the complexity, which in turn makes it more expensive. That's the key reason that some people, including [this journalist](#) have been using to argue for a repeal of Sarbanes-Oxley. If that happens, however, business journalists, who are already suffering through various downsizings, won't be the only victims. The investing public and the markets will suffer too.

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