

## Union Calendar No. 499

107TH CONGRESS }  
2d Session } HOUSE OF REPRESENTATIVES { REPORT  
107-798

---

---

### REPORT ON THE ACTIVITY OF THE COMMITTEE ON FINANCIAL SERVICES FOR THE 107TH CONGRESS

---

JANUARY 2, 2003.—Committed to the Committee of the Whole House on the State  
of the Union and ordered to be printed

---

Mr. OXLEY, from the Committee on Financial Services, submitted  
the following

### REPORT

Clause 1(d) of rule XI of the Rules of the House of Representatives requires each standing Committee, not later than January 2 of each odd-numbered year, submit to the House a report on the activities of that committee, including separate sections summarizing the legislative and oversight activities of that committee during that Congress.

#### CONTENTS

	Page
Letter of Transmittal .....	2
Jurisdiction .....	3
Rules of the Committee .....	7
Membership and Organization .....	19
Legislative and Oversight Activities .....	27
Full Committee .....	29
Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises .....	41
Subcommittee on Domestic Monetary Policy, Technology, and Economic Growth .....	53
Subcommittee on Financial Institutions and Consumer Credit .....	59
Subcommittee on Housing and Community Opportunity .....	69
Subcommittee on International Monetary Policy and Trade .....	83
Subcommittee on Oversight and Investigations .....	93
Oversight Plan for the 107th Congress .....	103
Implementation of the Oversight Plan for the 107th Congress .....	119
Appendix I—Measures Reported and Public Laws .....	131
Appendix II—Committee Publications .....	133

#### LETTER OF TRANSMITTAL

---

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON FINANCIAL SERVICES,  
*Washington, DC, January 2, 2003.*

Hon. JEFF TRANDAHL

*Clerk, United States House of Representatives, Washington, D.C.*

DEAR MR. TRANDAHL: Pursuant to clause 1(d) of rule XI of the Rules of the House of Representatives for the 107th Congress, I present herewith a report on the activity of the Committee on Financial Services for the 107th Congress, including the Committee's review and study of legislation within its jurisdiction, and the oversight activities undertaken by the Committee.

Sincerely,

MICHAEL G. OXLEY,  
*Chairman.*

## JURISDICTION

### RULES OF THE HOUSE

Clause 1(g) of rule X of the Rules of the House of Representatives sets forth the jurisdiction of the Committee on Financial Services as follows—

- (1) Banks and banking, including deposit insurance and Federal monetary policy.
- (2) Economic stabilization, defense production, renegotiation, and control of the price of commodities, rents, and services.
- (3) Financial aid to commerce and industry (other than transportation).
- (4) Insurance generally.
- (5) International finance.
- (6) International financial and monetary organization.
- (7) Money and credit, including currency and the issuance of notes and redemption thereof; gold and silver, including the coinage thereof; valuation and revaluation of the dollar.
- (8) Public and private housing.
- (9) Securities and exchanges.
- (10) Urban development.

### MEMORANDUM OF UNDERSTANDING

The Committee on Financial Services was established when the House agreed to H. Res. 5, establishing the Rules of the House of Representatives for the 107th Congress, on January 3, 2001. The jurisdiction of the Committee on Financial Services consists of the jurisdiction granted the Committee on Banking and Financial Services in the 106th Congress, along with jurisdiction over insurance generally and securities and exchanges, matters which had previously been within the jurisdiction of the Committee on Commerce in the 106th and previous congresses. On January 20, 2001,<sup>1</sup> the Speaker inserted the following memorandum of understanding between the chairmen of the Committee on Financial Services and the Committee on Energy and Commerce further clarifying these jurisdictional changes—

JANUARY 20, 2001

On January 3, 2001, the House agreed to H. Res. 5, establishing the rules of the House for the 107th Congress. Section 2(d) of H. Res. 5 contained a provision renaming the Banking Committee as the Financial Services Committee and transferring jurisdiction over securities and exchanges and insurance from the Commerce Com-

---

<sup>1</sup>The version of the memorandum printed in the January 20, 2001 Congressional Record contained a typographic error. A corrected version of the memorandum, which appears below, was printed in the January 30, 2001 edition of the Congressional Record.

mittee to the Financial Services Committee. The Commerce Committee was also renamed the Energy and Commerce Committee.

The Committee on Energy and Commerce and the Committee on Financial Services jointly acknowledge as the authoritative source of legislative history concerning section 2(d) of H. Res. 5 the following statement of Rules Committee Chairman David Dreier during floor consideration of the resolution:

"In what is obviously one of our most significant changes, Mr. Speaker, section 2(d) of the resolution establishes a new Committee on Financial Services, which will have jurisdiction over the following matters:

"(1) banks and banking, including deposit insurance and Federal monetary policy;

"(2) economic stabilization, defense production, renegotiation, and control of the price of commodities, rents, and services;

"(3) financial aid to commerce and industry (other than transportation);

"(4) insurance generally;

"(5) international finance;

"(6) international financial and monetary organizations;

"(7) money and credit, including currency and the issuance of notes and redemption thereof; gold and silver, including the coinage thereof; valuation and revaluation of the dollar;

"(8) public and private housing;

"(9) securities and exchanges; and

"(10) urban development.

"Mr. Speaker, jurisdiction over matters relating to securities and exchanges is transferred in its entirety from the Committee on Commerce, which will be redesignated under this rules change to the Committee on Energy and Commerce, and it will now be transferred from the new Committee on Energy and Commerce to this new Committee on Financial Services. This transfer is not intended to convey to the Committee on Financial Services jurisdiction currently in the Committee on Agriculture regarding commodity exchanges.

"Furthermore, this change is not intended to convey to the Committee on Financial Services jurisdiction over matters relating to regulation and SEC oversight of multi-State public utility holding companies and their subsidiaries, which remain essentially matters of energy policy.

"Mr. Speaker, as a result of the transfer of jurisdiction over matters relating to securities and exchanges, redundant jurisdiction over matters relating to bank capital markets activities generally and depository institutions securities activities, which were formerly matters in the jurisdiction of the Committee on Banking and Financial Services, have been removed from clause 1 of rule X.

"Matters relating to insurance generally, formerly within the jurisdiction of the redesignated Committee on Energy and Commerce, are transferred to the jurisdiction of the Committee on Financial Services.

"The transfer of any jurisdiction to the Committee on Financial Services is not intended to limit the Committee on Energy and Commerce's jurisdiction over consumer affairs and consumer protection matters.

“Likewise, existing health insurance jurisdiction is not transferred as a result of this change.

“Furthermore, the existing jurisdictions of other committees with respect to matters relating to crop insurance, Workers’ Compensation, insurance anti-trust matters, disaster insurance, veterans’ life and health insurance, and national social security policy are not affected by this change.

“Finally, Mr. Speaker, the changes and legislative history involving the Committee on Financial Services and the Committee on Energy and Commerce do not preclude future memorandum of understanding between the chairmen of these respective committees.”

By this memorandum the two committees undertake to record their further mutual understandings in this matter, which will supplement the statement quoted above.

It is agreed that the Committee on Energy and Commerce will retain jurisdiction over bills dealing broadly with electronic commerce, including electronic communications networks (ECNs). However, a bill amending the securities laws to address the specific type of electronic securities transaction currently governed by a special SEC regulation as an Alternative Trading System (ATS) would be referred to the Committee on Financial Services.

While it is agreed that the jurisdiction of the Committee on Financial Services over securities and exchanges includes anti-fraud authorities under the securities laws, the Committee on Energy and Commerce will retain jurisdiction only over the issue of setting of accounting standards by the Financial Accounting Standards Board.

W.J. “BILLY” TAUZIN,  
*Chairman, Committee on Energy and Commerce,*  
MICHAEL G. OXLEY,  
*Chairman, Committee on Financial Services.*



RULES OF THE COMMITTEE ON FINANCIAL SERVICES FOR  
THE ONE HUNDRED SEVENTH CONGRESS

RULE 1

GENERAL PROVISIONS

(a) The rules of the House are the rules of the Committee on Financial Services (hereinafter in these rules referred to as the “Committee”) and its subcommittees so far as applicable, except that a motion to recess from day to day, and a motion to dispense with the first reading (in full) of a bill or resolution, if printed copies are available, are privileged motions in the Committee and shall be considered without debate. A proposed investigative or oversight report shall be considered as read if it has been available to the members of the Committee for at least 24 hours (excluding Saturdays, Sundays, or legal holidays except when the House is in session on such day).

(b) Each subcommittee is a part of the Committee, and is subject to the authority and direction of the Committee and to its rules so far as applicable.

(c) The provisions of clause 2 of rule XI of the Rules of the House are incorporated by reference as the rules of the Committee to the extent applicable.

RULE 2

MEETINGS

*Calling of Meetings*

(a)(1) The Committee shall regularly meet on the first Tuesday of each month when the House is in session.

(2) A regular meeting of the Committee may be dispensed with if, in the judgment of the Chairman of the Committee (hereinafter in these rules referred to as the “Chair”), there is no need for the meeting.

(3) Additional regular meetings and hearings of the Committee may be called by the Chair, in accordance with clause 2(g)(3) of rule XI of the rules of the House.

(4) Special meetings shall be called and convened by the Chair as provided in clause 2(c)(2) of rule XI of the Rules of the House.

*Notice for Meetings.*

(b)(1) The Chair shall notify each member of the Committee of the agenda of each regular meeting of the Committee at least two calendar days before the time of the meeting.

(2) The Chair shall provide to each member of the Committee, at least two calendar days before the time of each regular meeting for each measure or matter on the agenda a copy of—

(A) the measure or materials relating to the matter in question; and

(B) an explanation of the measure or matter to be considered, which, in the case of an explanation of a bill, resolution, or similar measure, shall include a summary of the major provisions of the legislation, an explanation of the relationship of the measure to present law, and a summary of the need for the legislation.

(3) The agenda and materials required under this subsection shall be provided to each member of the Committee at least three calendar days before the time of the meeting where the measure or matter to be considered was not approved for full Committee consideration by a subcommittee of jurisdiction.

(4) The provisions of this subsection may be waived by a two-thirds vote of the Committee, or by the Chair with the concurrence of the ranking minority member.

### RULE 3

#### MEETING AND HEARING PROCEDURES

##### *In General*

(a)(1) Meetings and hearings of the Committee shall be called to order and presided over by the Chair or, in the Chair's absence, by the member designated by the Chair as the Vice Chair of the Committee, or by the ranking majority member of the Committee present as Acting Chair.

(2) Meetings and hearings of the Committee shall be open to the public unless closed in accordance with clause 2(g) of rule XI of the Rules of the House.

(3) Any meeting or hearing of the Committee that is open to the public shall be open to coverage by television broadcast, radio broadcast, and still photography in accordance with the provisions of clause 4 of rule XI of the Rules of the House (which are incorporated by reference as part of these rules). Operation and use of any Committee operated broadcast system shall be fair and nonpartisan and in accordance with clause 4(b) of rule XI and all other applicable rules of the Committee and the House.

(4) Opening statements by members at the beginning of any hearing or meeting of the Committee shall be limited to 5 minutes each for the Chair or ranking minority member, or their respective designee, and 3 minutes each for all other members.

(5) No person, other than a Member of Congress, Committee staff, or an employee of a Member when that Member has an amendment under consideration, may stand in or be seated at the rostrum area of the Committee rooms unless the Chair determines otherwise.



*Quorum*

(b)(1) For the purpose of taking testimony and receiving evidence, two members of the Committee shall constitute a quorum.

(2) A majority of the members of the Committee shall constitute a quorum for the purposes of reporting any measure or matter, of authorizing a subpoena, of closing a meeting or hearing pursuant to clause 2(g) of rule XI of the rules of the House (except as provided in clause 2(g)(2)(A) and (B)) or of releasing executive session material pursuant to clause 2(k)(7) of rule XI of the rules of the House.

(3) For the purpose of taking any action other than those specified in paragraph (2) one-third of the members of the Committee shall constitute a quorum.

*Voting*

(c)(1) No vote may be conducted on any measure or matter pending before the Committee unless the requisite number of members of the Committee is actually present for such purpose.

(2) A record vote of the Committee shall be provided on any question before the Committee upon the request of one-fifth of the members present.

(3) No vote by any member of the Committee on any measure or matter may be cast by proxy.

(4) In accordance with clause 2(e)(1)(B) of rule XI, a record of the vote of each member of the Committee on each record vote on any measure or matter before the Committee shall be available for public inspection at the offices of the Committee, and, with respect to any record vote on any motion to report or on any amendment, shall be included in the report of the Committee showing the total number of votes cast for and against and the names of those members voting for and against.

*Hearing Procedures*

(d)(1)(A) The Chair shall make public announcement of the date, place, and subject matter of any committee hearing at least one week before the commencement of the hearing, unless the Chair, with the concurrence of the ranking minority member, or the Committee by majority vote with a quorum present for the transaction of business, determines there is good cause to begin the hearing sooner, in which case the Chair shall make the announcement at the earliest possible date.

(B) Not less than three days before the commencement of a hearing announced under this paragraph, the Chair shall provide to the members of the Committee a concise summary of the subject of the hearing, or, in the case of a hearing on a measure or matter, a copy of the measure or materials relating to the matter in question and a concise explanation of the measure or matter to be considered.

(2) To the greatest extent practicable—

(A) each witness who is to appear before the Committee shall file with the Committee two business days in advance of the appearance sufficient copies (including a copy

in electronic form), as determined by the Chair, of a written statement of proposed testimony and shall limit the oral presentation to the Committee to brief summary thereof; and

(B) each witness appearing in a non-governmental capacity shall include with the written statement of proposed testimony a curriculum vitae and a disclosure of the amount and source (by agency and program) of any Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two preceding fiscal years.

(3) The requirements of paragraph (2)(A) may be modified or waived by the Chair when the Chair determines it to be in the best interest of the Committee.

(4) The five-minute rule shall be observed in the interrogation of witnesses before the Committee until each member of the Committee has had an opportunity to question the witnesses. No member shall be recognized for a second period of 5 minutes to interrogate witnesses until each member of the Committee present has been recognized once for that purpose.

(5) Whenever any hearing is conducted by the Committee on any measure or matter, the minority party members of the Committee shall be entitled, upon the request of a majority of them before the completion of the hearing, to call witnesses with respect to that measure or matter during at least one day of hearing thereon.

#### *Subpoenas and Oaths*

(e)(1) Pursuant to clause 2(m) of rule XI of the Rules of the House, a subpoena may be authorized and issued by the Committee or a subcommittee in the conduct of any investigation or series of investigations or activities, only when authorized by a majority of the members voting, a majority being present, or pursuant to paragraph (2).

(2) The Chair, with the concurrence of the ranking minority member, may authorize and issue subpoenas under such clause during any period for which the House has adjourned for a period in excess of 3 days when, in the opinion of the Chair, authorization and issuance of the subpoena is necessary to obtain the material or testimony set forth in the subpoena. The Chair shall report to the members of the Committee on the authorization and issuance of a subpoena during the recess period as soon as practicable, but in no event later than one week after service of such subpoena.

(3) Authorized subpoenas shall be signed by the Chair or by any member designated by the Committee, and may be served by any person designated by the Chair or such member.

(4) The Chair, or any member of the Committee designated by the Chair, may administer oaths to witnesses before the Committee.

*Special Procedures*

(f)(1)(A) **COMMEMORATIVE MEDALS AND COINS.**—It shall not be in order for the Subcommittee on Domestic Monetary Policy, Technology, and Economic Growth to hold a hearing on any commemorative medal or commemorative coin legislation unless the legislation is cosponsored by at least two-thirds of the members of the House and has been recommended by the U.S. Mint's Citizens Commemorative Coin Advisory Committee in the case of a commemorative coin.

(B) It shall not be in order for the subcommittee to approve a bill or measure authorizing commemorative coins for consideration by the full Committee which does not conform with the mintage restrictions established by section 5112 of title 31, United States Code.

(C) In considering legislation authorizing Congressional gold medals, the subcommittee shall apply the following standards—

(i) the recipient shall be a natural person;

(ii) the recipient shall have performed an achievement that has an impact on American history and culture that is likely to be recognized as a major achievement in the recipient's field long after the achievement;

(iii) the recipient shall not have received a medal previously for the same or substantially the same achievement;

(iv) the recipient shall be living or, if deceased, shall have been deceased for not less than 5 years and not more than 25 years;

(v) the achievements were performed in the recipient's field of endeavor, and represent either a lifetime of continuous superior achievements or a single achievement so significant that the recipient is recognized and acclaimed by others in the same field, as evidenced by the recipient having received the highest honors in the field.

(2) **TESTIMONY OF CERTAIN OFFICIALS.**—

(A) Notwithstanding subsection (a)(4), when the Chair announces a hearing of the Committee for the purpose of receiving—

(i) testimony from the Chairman of the Federal Reserve Board pursuant to section 2B of the Federal Reserve Act (12 U.S.C. 221 et seq.), or

(ii) testimony from the Chairman of the Federal Reserve Board or a member of the President's cabinet at the invitation of the Chair, the Chair may, in consultation with the ranking minority member, limit the number and duration of opening statements to be delivered at such hearing. The limitation shall be included in the announcement made pursuant to subsection (d)(1)(A), and shall provide that the opening statements of all members of the Committee shall be made a part of the hearing record.

## RULE 4

## PROCEDURES FOR REPORTING MEASURES OR MATTERS

(a) No measure or matter shall be reported from the Committee unless a majority of the Committee is actually present.

(b) The Chair of the Committee shall report or cause to be reported promptly to the House any measure approved by the Committee and take necessary steps to bring a matter to a vote.

(c) The report of the Committee on a measure which has been approved by the Committee shall be filed within 7 calendar days (exclusive of days on which the House is not in session) after the day on which there has been filed with the clerk of the Committee a written request, signed by a majority of the members of the Committee, for the reporting of that measure pursuant to the provisions of clause 2(b)(2) of rule XIII of the Rules of the House.

(d) All reports printed by the Committee pursuant to a legislative study or investigation and not approved by a majority vote of the Committee shall contain the following disclaimer on the cover of such report: "This report has not been officially adopted by the Committee on Financial Services and may not necessarily reflect the views of its Members."

## RULE 5

## SUBCOMMITTEES

*Establishment and Responsibilities of Subcommittees*

(a)(1) There shall be 6 subcommittees of the Committee as follows:

(A) SUBCOMMITTEE ON CAPITAL MARKETS, INSURANCE, AND GOVERNMENT SPONSORED ENTERPRISES.—The jurisdiction of the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises includes—

- (i) securities, exchanges, and finance;
- (ii) capital markets activities;
- (iii) activities involving futures, forwards, options, and other types of derivative instruments;
- (iv) secondary market organizations for home mortgages including the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Federal Agricultural Mortgage Corporation;
- (v) the Office of Federal Housing Enterprise Oversight;
- (vi) the Federal Home Loan Banks; and
- (vii) insurance generally.

(B) SUBCOMMITTEE ON DOMESTIC MONETARY POLICY, TECHNOLOGY, AND ECONOMIC GROWTH.—The jurisdiction of the Subcommittee on Domestic Monetary Policy, Technology, and Economic Growth includes—

- (i) financial aid to all sectors and elements within the economy;
- (ii) economic growth and stabilization;
- (iii) defense production matters as contained in the Defense Production Act of 1950, as amended;

(iv) domestic monetary policy, and agencies which directly or indirectly affect domestic monetary policy, including the effect of such policy and other financial actions on interest rates, the allocation of credit, and the structure and functioning of domestic financial institutions;

(v) coins, coinage, currency, and medals, including commemorative coins and medals, proof and mint sets and other special coins, the Coinage Act of 1965, gold and silver, including the coinage thereof (but not the par value of gold), gold medals, counterfeiting, currency denominations and design, the distribution of coins, and the operations of the Bureau of the Mint and the Bureau of Engraving and Printing; and

(vi) development of new or alternative forms of currency.

(C) SUBCOMMITTEE ON FINANCIAL INSTITUTIONS AND CONSUMER CREDIT.—The jurisdiction of the Subcommittee on Financial Institutions and Consumer Credit includes—

(i) all agencies, including the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System and the Federal Reserve System, the Office of Thrift Supervision, and the National Credit Union Administration, which directly or indirectly exercise supervisory or regulatory authority in connection with, or provide deposit insurance for, financial institutions, and the establishment of interest rate ceilings on deposits;

(ii) the chartering, branching, merger, acquisition, consolidation, or conversion of financial institutions;

(iii) consumer credit, including the provision of consumer credit by insurance companies, and further including those matters in the Consumer Credit Protection Act dealing with truth in lending, extortionate credit transactions, restrictions on garnishments, fair credit reporting and the use of credit information by credit bureaus and credit providers, equal credit opportunity, debt collection practices, and electronic funds transfers;

(iv) creditor remedies and debtor defenses, Federal aspects of the Uniform Consumer Credit Code, credit and debit cards, and the preemption of State usury laws;

(v) consumer access to financial services, including the Home Mortgage Disclosure Act and the Community Reinvestment Act;

(vi) the terms and rules of disclosure of financial services, including the advertisement, promotion and pricing of financial services, and availability of government check cashing services;

(vii) deposit insurance; and

(viii) consumer access to savings accounts and checking accounts in financial institutions, including lifeline banking and other consumer accounts.

(D) SUBCOMMITTEE ON HOUSING AND COMMUNITY OPPORTUNITY.—The jurisdiction of the Subcommittee on Housing and Community Opportunity includes—

(i) housing (except programs administered by the Department of Veterans Affairs), including mortgage and loan insurance pursuant to the National Housing Act; rural housing; housing and homeless assistance programs; all activities of the Government National Mortgage Association; private mortgage insurance; housing construction and design and safety standards; housing-related energy conservation; housing research and demonstration programs; financial and technical assistance for nonprofit housing sponsors; housing counseling and technical assistance; regulation of the housing industry (including landlord/tenant relations); and real estate lending including regulation of settlement procedures;

(ii) community development and community and neighborhood planning, training and research; national urban growth policies; urban/rural research and technologies; and regulation of interstate land sales;

(iii) government sponsored insurance programs, including those offering protection against crime, fire, flood (and related land use controls), earthquake and other natural hazards; and

(iv) the qualifications for and designation of Empowerment Zones and Enterprise Communities (other than matters relating to tax benefits).

(E) SUBCOMMITTEE ON INTERNATIONAL MONETARY POLICY AND TRADE.—The jurisdiction of the Subcommittee on International Monetary Policy and Trade includes—

(i) multilateral development lending institutions, including activities of the National Advisory Council on International Monetary and Financial Policies as related thereto, and monetary and financial developments as they relate to the activities and objectives of such institutions;

(ii) international trade, including but not limited to the activities of the Export-Import Bank;

(iii) the International Monetary Fund, its permanent and temporary agencies, and all matters related thereto; and

(iv) international investment policies, both as they relate to United States investments for trade purposes by citizens of the United States and investments made by all foreign entities in the United States;

(F) SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS.—The jurisdiction of the Subcommittee on Oversight and Investigations includes—

(i) the oversight of all agencies, departments, programs, and matters within the jurisdiction of the Com-

mittee, including the development of recommendations with regard to the necessity or desirability of enacting, changing, or repealing any legislation within the jurisdiction of the Committee, and for conducting investigations within such jurisdiction; and

(ii) research and analysis regarding matters within the jurisdiction of the Committee, including the impact or probable impact of tax policies affecting matters within the jurisdiction of the Committee.

(2) In addition, each such subcommittee shall have specific responsibility for such other measures or matters as the Chair refers to it.

(3) Each subcommittee of the Committee shall review and study, on a continuing basis, the application, administration, execution, and effectiveness of those laws, or parts of laws, the subject matter of which is within its general responsibility.

#### *Referral of Measures and Matters to Subcommittees*

(b)(1) The Chair shall regularly refer to one or more subcommittees such measures and matters as the Chair deems appropriate given its jurisdiction and responsibilities. In making such a referral, the Chair may designate a subcommittee of primary jurisdiction and subcommittees of additional or sequential jurisdiction.

(2) All other measures or matters shall be subject to consideration by the full Committee.

(3) In referring any measure or matter to a subcommittee, the Chair may specify a date by which the subcommittee shall report thereon to the Committee.

(4) The Committee by motion may discharge a subcommittee from consideration of any measure or matter referred to a subcommittee of the Committee.

#### *Composition of Subcommittees*

(c)(1) Members shall be elected to each subcommittee and to the positions of Chair and ranking minority member thereof, in accordance with the rules of the respective party caucuses. The Chair of the Committee shall designate a member of the majority party on each subcommittee as its vice chair.

(2) The Chair and ranking minority member of the Committee shall be ex officio members with voting privileges of each subcommittee of which they are not assigned as members and may be counted for purposes of establishing a quorum in such subcommittees.

(3) The subcommittees shall be comprised as follows:

(A) The Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises shall be comprised of 47 members, 25 elected by the majority caucus and 22 elected by the minority caucus.

(B) The Subcommittee on Domestic Monetary Policy, Technology, and Economic Growth shall be comprised of 26 members, 14 elected by the majority caucus and 12 elected by the minority caucus.

(C) The Subcommittee on Financial Institutions and Commercial Credit shall be comprised of 47 members, 25 elected by the majority caucus and 22 elected by the minority caucus.

(D) The Subcommittee on Housing and Community Opportunity shall be comprised of 26 members, 14 elected by the majority caucus and 12 elected by the minority caucus.

(E) The Subcommittee on International Monetary Policy and Trade shall be comprised of 26 members, 14 elected by the majority caucus and 12 elected by the minority caucus.

(F) The Subcommittee on Oversight and Investigations shall be comprised of 20 members, 11 elected by the majority caucus and 9 elected by the minority caucus.

#### *Subcommittee Meetings and Hearings*

(d)(1) Each subcommittee of the Committee is authorized to meet, hold hearings, receive testimony, mark up legislation, and report to the full Committee on any measure or matter referred to it, consistent with subsection (a).

(2) No subcommittee of the Committee may meet or hold a hearing at the same time as a meeting or hearing of the Committee.

(3) The Chair of each subcommittee shall set hearing and meeting dates only with the approval of the Chair with a view toward assuring the availability of meeting rooms and avoiding simultaneous scheduling of Committee and subcommittee meetings or hearings.

#### *Effect of a Vacancy*

(e) Any vacancy in the membership of a subcommittee shall not affect the power of the remaining members to execute the functions of the subcommittee as long as the required quorum is present.

#### *Records*

(f) Each subcommittee of the Committee shall provide the full Committee with copies of such records of votes taken in the subcommittee and such other records with respect to the subcommittee as the Chair deems necessary for the Committee to comply with all rules and regulations of the House.

#### RULE 6

#### STAFF

#### *In General*

(a)(1) Except as provided in paragraph (2), the professional and other staff of the Committee shall be appointed, and may be removed by the Chair, and shall work under the general supervision and direction of the Chair.

(2) All professional and other staff provided to the minority party members of the Committee shall be appointed, and may be removed, by the ranking minority member of the Com-



mittee, and shall work under the general supervision and direction of such member.

(3) It is intended that the skills and experience of all members of the Committee staff be available to all Members of the Committee.

#### *Subcommittee Staff*

(b) From funds made available for the appointment of staff, the Chair of the Committee shall, pursuant to clause 6(d) of rule X of the Rules of the House, ensure that sufficient staff is made available so that each subcommittee can carry out its responsibilities under the rules of the Committee and that the minority party is treated fairly in the appointment of such staff.

#### *Compensation of Staff*

(c)(1) Except as provided in paragraph (2), the Chair shall fix the compensation of all professional and other staff of the Committee.

(2) The ranking minority Member shall fix the compensation of all professional and other staff provided to the minority party members of the Committee.

### RULE 7

#### BUDGET AND TRAVEL

#### *Budget*

(a)(1) The Chair, in consultation with other members of the Committee, shall prepare for each Congress a budget providing amounts for staff, necessary travel, investigation, and other expenses of the Committee and its subcommittees.

(2) From the amount provided to the Committee in the primary expense resolution adopted by the House of Representatives, the Chair, after consultation with the ranking minority Member, shall designate an amount to be under the direction of the ranking minority Member for the compensation of the minority staff, travel expenses of minority members and staff, and minority office expenses. All expenses of minority Members and staff shall be paid for out of the amount so set aside.

#### *Travel*

(b)(1) The Chair may authorize travel for any member and any staff member of the Committee in connection with activities or subject matters under the general jurisdiction of the Committee. Before such authorization is granted, there shall be submitted to the Chair in writing the following:

(A) The purpose of the travel.

(B) The dates during which the travel is to occur.

(C) The names of the States or countries to be visited and the length of time to be spent in each.

(D) The names of members and staff of the Committee for whom the authorization is sought.

(2) Members and staff of the Committee shall make a written report to the Chair on any travel they have conducted

under this subsection, including a description of their itinerary, expenses, and activities, and of pertinent information gained as a result of such travel.

(3) Members and staff of the Committee performing authorized travel on official business shall be governed by applicable laws, resolutions, and regulations of the House and of the Committee on House Administration.

## RULE 8

### COMMITTEE ADMINISTRATION

#### *Records*

(a)(1) There shall be a transcript made of each regular meeting and hearing of the Committee, and the transcript may be printed if the Chair decides it is appropriate or if a majority of the members of the Committee requests such printing. Any such transcripts shall be a substantially verbatim account of remarks actually made during the proceedings, subject only to technical, grammatical, and typographical corrections authorized by the person making the remarks. Nothing in this paragraph shall be construed to require that all such transcripts be subject to correction and publication.

(2) The Committee shall keep a record of all actions of the Committee and of its subcommittees. The record shall contain all information required by clause 2(e)(1) of rule XI of the Rules of the House and shall be available for public inspection at reasonable times in the offices of the Committee.

(3) All Committee hearings, records, data, charts, and files shall be kept separate and distinct from the congressional office records of the Chair, shall be the property of the House, and all Members of the House shall have access thereto as provided in clause 2(e)(2) of rule XI of the Rules of the House.

(4) The records of the Committee at the National Archives and Records Administration shall be made available for public use in accordance with rule VII of the Rules of the House of Representatives. The Chair shall notify the ranking minority member of any decision, pursuant to clause 3(b)(3) or clause 4(b) of the rule, to withhold a record otherwise available, and the matter shall be presented to the Committee for a determination on written request of any member of the Committee.

#### *Committee Publications on the Internet*

(b) To the maximum extent feasible, the Committee shall make its publications available in electronic form.

## MEMBERSHIP AND ORGANIZATION OF THE COMMITTEE ON FINANCIAL SERVICES

ONE HUNDRED SEVENTH CONGRESS

(Ratio: 37-32-1)

### COMMITTEE ON FINANCIAL SERVICES

MICHAEL G. OXLEY, Ohio, *Chairman*

JAMES A. LEACH, Iowa	JOHN J. LAFALCE, New York
MARGE ROUKEMA, New Jersey	BARNEY FRANK, Massachusetts
<i>Vice Chair</i>	PAUL E. KANJORSKI, Pennsylvania
DOUG BEREUTER, Nebraska†	MAXINE WATERS, California
RICHARD H. BAKER, Louisiana†	CAROLYN B. MALONEY, New York
SPENCER BACHUS, Alabama	LUIS V. GUTIERREZ, Illinois
MICHAEL N. CASTLE, Delaware	NYDIA M. VELÁZQUEZ, New York
PETER T. KING, New York	MELVIN L. WATT, North Carolina
EDWARD R. ROYCE, California	GARY L. ACKERMAN, New York
FRANK D. LUCAS, Oklahoma	KEN BENTSEN, Texas
ROBERT W. NEY, Ohio	JAMES H. MALONEY, Connecticut
BOB BARR, Georgia	DARLENE HOOLEY, Oregon
SUE W. KELLY, New York	JULIA CARSON, Indiana
RON PAUL, Texas†	BRAD SHERMAN, California
PAUL E. GILLMOR, Ohio	MAX SANDLIN, Texas
CHRISTOPHER COX, California	GREGORY W. MEEKS, New York
DAVE WELDON, Florida	BARBARA LEE, California
JIM RYUN, Kansas	FRANK MASCARA, Pennsylvania
BOB RILEY, Alabama†	JAY INSLEE, Washington
STEVEN C. LATOURETTE, Ohio	JANICE D. SCHAKOWSKY, Illinois
DONALD A. MANZULLO, Illinois	DENNIS MOORE, Kansas
WALTER B. JONES, North Carolina	CHARLES A. GONZALEZ, Texas
DOUG OSE, California	STEPHANIE TUBBS JONES, Ohio
JUDY BIGGERT, Illinois	MICHAEL E. CAPUANO, Massachusetts
MARK GREEN, Wisconsin	HAROLD E. FORD, Jr., Tennessee
PATRICK J. TOOMEY, Pennsylvania	RUBEN HINOJOSA, Texas
CHRISTOPHER SHAYS, Connecticut	KEN LUCAS, Kentucky
JOHN B. SHADEGG, Arizona	RONNIE SHOWS, Mississippi
VITO FOSSELLA, New York	JOSEPH CROWLEY, New York
GARY G. MILLER, California	WILLIAM LACY CLAY, Missouri
ERIC CANTOR, Virginia	STEVE ISRAEL, New York
FELIX J. GRUCCI, Jr., New York	MIKE ROSS, Arkansas
MELISSA A. HART, Pennsylvania	BERNARD SANDERS, Vermont*
SHELLEY MOORE CAPITO, West Virginia	
MIKE FERGUSON, New Jersey	
MIKE ROGERS, Michigan	
PATRICK J. TIBERI, Ohio	

\*Mr. Sanders is an independent, but caucuses with the Democratic Caucus.

†The following members are on leave from the Committee on Financial Services: Mr. Dreier, ranking immediately after Mr. Bereuter; Ms. Pryce and Mr. Linder, ranking immediately after Mr. Baker; Ms. Myrick, ranking immediately after Mr. Paul; and Mr. Sessions, ranking immediately after Mr. Riley.

## SUBCOMMITTEE MEMBERSHIPS

SUBCOMMITTEE ON CAPITAL MARKETS, INSURANCE AND GOVERNMENT SPONSORED  
ENTERPRISES

(Ratio: 25-22)

RICHARD H. BAKER, Louisiana, *Chairman*

ROBERT W. NEY, Ohio <i>Vice Chairman</i>	PAUL E. KANJORSKI, Pennsylvania
CHRISTOPHER SHAYS, Connecticut	GARY L. ACKERMAN, New York
CHRISTOPHER COX, California	NYDIA M. VELAZQUEZ, New York
PAUL GILLMOR, Ohio	KEN BENTSEN, Texas
RON PAUL, Texas	MAX SANDLIN, Texas
SPENCER BACHUS, Alabama	JAMES H. MALONEY, Connecticut
MICHAEL N. CASTLE, Delaware	DARLENE HOOLEY, Oregon
EDWARD R. ROYCE, California	FRANK R. MASCARA, Pennsylvania
FRANK D. LUCAS, Oklahoma	STEPHANIE TUBBS JONES, Ohio
BOB BARR, Georgia	MICHAEL CAPUANO, Massachusetts
WALTER B. JONES, Jr., North Carolina	BRAD SHERMAN, California
STEVEN C. LATOURETTE, Ohio	GREGORY MEEKS, New York
JOHN B. SHADEGG, Arizona	JAY INSLEE, Washington
DAVE WELDON, Florida	DENNIS MOORE, Kansas
JIM RYUN, Kansas	CHARLIE GONZALEZ, Texas
BOB RILEY, Alabama	HAROLD E. FORD, Jr., Tennessee
VITO FOSSELLA, New York	RUBEN HINOJOSA, Texas
JUDY BIGGERT, Illinois	KEN LUCAS, Kentucky
GARY C. MILLER, California	RONNIE SHOWS, Mississippi
DOUG OSE, California	JOSEPH CROWLEY, New York
PATRICK J. TOOMEY, Pennsylvania	STEVE ISRAEL, New York
MIKE FERGUSON, New Jersey	MIKE ROSS, Arkansas
MELISSA A. HART, Pennsylvania	JOHN J. LAFALCE, New York
MIKE ROGERS, Michigan	<i>Ex Officio</i>
MICHAEL G. OXLEY, Ohio <i>Ex Officio</i>	

## SUBCOMMITTEE ON DOMESTIC MONETARY POLICY, TECHNOLOGY, AND ECONOMIC GROWTH

(Ratio: 14-12)

PETER T. KING, New York, *Chairman*

JAMES A. LEACH, Iowa	CAROLYN B. MALONEY, New York
<i>Vice Chairman</i>	BARNEY FRANK, Massachusetts
EDWARD R. ROYCE, California	GREGORY MEEKS, New York
FRANK D. LUCAS, Oklahoma	BERNIE SANDERS, Vermont
RON PAUL, Texas	JAMES H. MALONEY, Connecticut
STEVEN C. LATOURETTE, Ohio	DARLENE HOOLEY, Oregon
DOUG OSE, California	MAX SANDLIN, Texas
MARK GREEN, Wisconsin	CHARLIE GONZALEZ, Texas
CHRISTOPHER SHAYS, Connecticut	MICHAEL CAPUANO, Massachusetts
JOHN B. SHADEGG, Arizona	RUBEN HINOJOSA, Texas
VITO FOSSELLA, New York	WILLIAM LACY CLAY, Missouri
FELIX J. GRUCCI, Jr., New York	MIKE ROSS, Arkansas
MELISSA A. HART, Pennsylvania	JOHN J. LAFALCE, New York
SHELLEY MOORE CAPITO, West Virginia	<i>Ex Officio</i>
MICHAEL G. OXLEY, Ohio	
<i>Ex Officio</i>	

## SUBCOMMITTEE ON FINANCIAL INSTITUTIONS AND CONSUMER CREDIT

(Ratio: 25-22)

SPENCER BACHUS, Alabama, *Chairman*

DAVE WELDON, Florida

*Vice Chairman*

MARGE ROUKEMA, New Jersey

DOUG BEREUTER, Nebraska

RICHARD H. BAKER, Louisiana

MICHAEL N. CASTLE, Delaware

EDWARD R. ROYCE, California

FRANK D. LUCAS, Oklahoma

BOB BARR, Georgia

SUE W. KELLY, New York

PAUL E. GILLMOR, Ohio

JIM RYUN, Kansas

BOB RILEY, Alabama

STEVEN C. LATOURETTE, Ohio

DONALD A. MANZULLO, Illinois

WALTER B. JONES, North Carolina

JUDY BIGGERT, Illinois

PATRICK J. TOOMEY, Pennsylvania

ERIC CANTOR, Virginia

FELIX J. GRUCCI, JR., New York

MELISSA A. HART, Pennsylvania

SHELLEY MOORE CAPITO, West Virginia

MIKE FERGUSON, New Jersey

MIKE ROGERS, Michigan

PATRICK J. TIBERI, Ohio

MICHAEL G. OXLEY, Ohio

*Ex Officio*

MAXINE WATERS, California

CAROLYN MALONEY, New York

MELVIN WATT, North Carolina

GARY ACKERMAN, New York

KEN BENTSEN, Texas

BRAD SHERMAN, California

MAX SANDLIN, Texas

GREGORY MEEKS, New York

LUIS GUTIERREZ, Illinois

FRANK MASCARA, Pennsylvania

DENNIS MOORE, Kansas

CHARLES A. GONZALEZ, Texas

PAUL KANJORSKI, Pennsylvania

NYDIA M. VELAZQUEZ, New York<sup>5</sup>

JAMES H. MALONEY, Connecticut

DARLENE HOOLEY, Oregon

JULIA CARSON, Indiana

HAROLD E. FORD, JR., Tennessee

RUBEN HINOJOSA, Texas

KEN LUCAS, Kentucky

RONNIE SHOWS, Mississippi

JOSEPH CROWLEY, New York

JOHN J. LAFALCE, New York

*Ex Officio*

<sup>5</sup>Ms. Velázquez was added to the Subcommittee on Financial Institutions and Consumer Credit on May 9, 2001, replacing Ms. Lee, who was removed by unanimous consent.

## SUBCOMMITTEE ON HOUSING AND COMMUNITY OPPORTUNITY

(Ratio: 14-12)

MARGE ROUKEMA, New Jersey, *Chair*

MARK GREEN, Wisconsin <i>Vice Chairman</i>	BARNEY FRANK, Massachusetts
DOUG BEREUTER, Nebraska	NYDIA VELAZQUEZ, New York
SPENCER BACHUS, Alabama	JULIA CARSON, Indiana
PETER T. KING, New York	BARBARA LEE, California
ROBERT W. NEY, Ohio	JAN SCHAKOWSKY, Illinois
BOB BARR, Georgia	STEPHANIE TUBBS JONES, Ohio
SUE W. KELLY, New York	MICHAEL CAPUANO, Massachusetts
BOB RILEY, Alabama	MAXINE WATERS, California
GARY G. MILLER, California	BERNARD SANDERS, Vermont*
ERIC CANTOR, Virginia	MELVIN WATT, North Carolina
FELIX J. GRUCCI, JR., New York	WILLIAM LACY CLAY, Missouri
MIKE ROGERS, Michigan	STEVE ISRAEL, New York
PATRICK J. TIBERI, Ohio	JOHN J. LAFALCE, New York
MICHAEL G. OXLEY, Ohio <i>Ex Officio</i>	<i>Ex Officio</i>

## SUBCOMMITTEE ON INTERNATIONAL MONETARY POLICY AND TRADE

(Ratio: 14-12)

DOUG BEREUTER, Nebraska, *Chairman*

DOUG OSE, California <i>Vice Chairman</i>	BERNARD SANDERS, Vermont*
MARGE ROUKEMA, New Jersey	MAXINE WATERS, California
RICHARD H. BAKER, Louisiana	BARNEY FRANK, Massachusetts
MICHAEL N. CASTLE, Delaware	MELVIN L. WATT, North Carolina
JIM RYUN, Kansas	JULIA CARSON, Indiana
DONALD A. MANZULLO, Illinois	BARBARA LEE, California <sup>6</sup>
JUDY BIGGERT, Illinois	PAUL E. KANJORSKI, Pennsylvania
MARK GREEN, Wisconsin	BRAD SHERMAN, California
PATRICK J. TOOMEY, Pennsylvania	JANICE D. SCHAKOWSKY, Illinois
CHRISTOPHER SHAYS, Connecticut	CAROLYN B. MALONEY, New York
GARY G. MILLER, California	LUIS V. GUTIERREZ, Illinois
SHELLEY MOORE CAPITO, West Virginia	KEN BENTSEN, Texas
MIKE FERGUSON, New Jersey	JOHN J. LAFALCE, New York
MICHAEL G. OXLEY, Ohio <i>Ex Officio</i>	<i>Ex Officio</i>

\*Mr. Sanders is an independent, but caucuses with the Democratic Caucus.

<sup>6</sup>Ms. Lee was added to the Subcommittee on International Monetary Policy and Trade on May 9, 2001, replacing Ms. Velázquez who was removed by unanimous consent.

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

(Ratio: 11-9)

SUE KELLY, New York, *Chair*

RON PAUL, Texas

*Vice Chairman*

PETER T. KING, New York

ROBERT W. NEY, Ohio

CHRISTOPHER COX, California

DAVE WELDON, Florida

WALTER B. JONES, North Carolina

JOHN B. SHADEGG, Arizona

VITO FOSSELLA, New York

ERIC CANTOR, Virginia

PATRICK J. TIBERI, Ohio

MICHAEL G. OXLEY, OH

*Ex Officio*

LUIS V. GUTIERREZ, Illinois

JAY INSLEE, Washington

JANICE D. SCHAKOWSKY, Illinois

DENNIS MOORE, Kansas

STEPHANIE TUBBS JONES, Ohio<sup>7</sup>

MICHAEL E. CAPUANO, Massachusetts

RONNIE SHOWS, Mississippi

JOSEPH CROWLEY, New York

WILLIAM LACY CLAY, Missouri

JOHN J. LAFALCE, New York

*Ex Officio*

---

<sup>7</sup>Ms. Jones of Ohio was added to the Subcommittee on Oversight and Investigations on May 9, 2001, replacing Mr. Bentsen who was removed by unanimous consent.



## COMMITTEE STAFF

## MAJORITY STAFF

TERRY L. HAINES  
*Chief Counsel and Staff Director*  
 ROBERT U. FOSTER  
*Deputy Staff Director*  
 PEGGY A. PETERSON  
*Communications Director*  
 HUGH NATHANIAL HALPERN  
*Parliamentarian and Director of Legislative Operations*  
 JAMES K. CONZELMAN  
*Counselor to the Chairman*

---

SINDEY J. BLACKMER, *Special Counsel*  
 DALE EDWARD BROWN, *Senior Professional Staff*  
 MADDILINE K. BURNS, *Assistant Communications Director for  
 Research*  
 JOHN L. BUTLER, *Professional Staff Member*  
 CINDY VOSPER CHETTI, *Senior Professional Staff Member*  
 JAMES H. CLINGER, *Senior Counsel*  
 ANDREW R. COCHRAN, *Senior Counsel*  
 SUSAN M. COLE, *Executive Staff Assistant*  
 JUSTIN D. DALY, *Counsel*  
 DALE MICHELE DORR, *Executive Assistant*  
 SCOTT DUNCAN, *Assistant Communications Director*  
 DAVID M. EPPSTEIN, *Counsel*  
 GEORGE M. FOOTE, *Staff Assistant*  
 ANGELA S. GAMBO, *Administrative Assistant*  
 ALFRED V. GARESCHE, *Professional Staff Member*  
 SAMUEL K. GEDULDIG, *Director of Coalitions*  
 KYLE GILSTER, *Counsel*  
 ROBERT GORDON, *Senior Counsel*  
 CLINTON COLUMBUS JONES, III *Senior Counsel*  
 PAUL M. KANGAS, *Professional Staff Member*  
 ROSEMARY ELIZABETH KEECH, *Executive Staff Assistant*  
 KAREN M. LYNCH, *Counsel*  
 KEVIN MACMILLAN, *Counsel*  
 THOMAS MCCROCKLIN, JR. *Counsel*  
 CARTER K. MCDOWELL, *Senior Counsel*  
 BROOKLY MCLAUGHLIN, *Assistant Communications Director*  
 THOMAS C. MONTGOMERY, *Senior Counsel*  
 ANGELA L. PALMER, *Staff Assistant*  
 JOE PINDER, *Senior Professional Staff*  
 BEVERLY B. PRICE, *Staff Assistant*  
 LINDA DALLAS RICH, *Senior Counsel*  
 CHARLES E. SYMINGTON, JR. *Counsel*  
 FRANK A. TILLOTSON, *Counsel*  
 MATTHEW R. TIMOTHY, *Staff Assistant*  
 KIM TRIMBLE, *Calendar, Documents, and Systems Administrator*

HEATHER C. WHEELER, *Staff Assistant*  
EARNESTINE B. WORELDS, *Staff Assistant*  
JANICE MARIE ZANARDI, *Executive Staff Assistant*  
GREG ZERZAN, *Senior Counsel*

MINORITY STAFF

JEANNE ROSLANOWICK  
*Staff Director and General Counsel*

---

DONALD AUERBACH, *Professional Staff*  
AVA BOYD, *Counsel*  
ROY DYE, III, *Professional Staff*  
SANDRA GIBBS, *Professional Staff*  
JENNIFER PORTER GORE, *Press Secretary*  
WARREN GUNNELS, *Professional Staff*  
TODD HARPER, *Professional Staff*  
JAIME LIZARRAGA, *Senior Professional Staff*  
PATRICIA LORD, *Professional Staff*  
GARY LUCZAK, *Professional Staff*  
DANIEL MCGLINCHAY, *Professional Staff*  
HOWARD MENELL, *Special Counsel*  
SCOTT MORRIS, *Economist*  
ROGER OLSON, *Professional Staff*  
MICHAEL PAESE, *Counsel*  
SABINE PHILIPPE, *Professional Staff*  
ALANNA PORTER, *Staff Assistant*  
DEAN SAGAR, *Senior Policy Analyst*  
LAWRANNE STEWART, *Counsel*  
KENNETH SWAB, *Professional Staff*  
ANNIE TORO, *Professional Staff*

## LEGISLATIVE AND OVERSIGHT ACTIVITY

During the 107th Congress, 368 bills were referred to the Committee on Financial Services. The Full Committee reported to the House or was discharged from the further consideration of 33 measures (not including conference reports). Nineteen measures regarding issues within the Committee's jurisdiction were enacted into law.

The following is a summary of the legislative and oversight activities of the Committee on Financial Services during the 107th Congress, including a summary of the activities taken by the Committee to implement its Oversight Plan for the 107th Congress.



## COMMITTEE ON FINANCIAL SERVICES

### FULL COMMITTEE

(Ratio: 37-32-1)

MICHAEL G. OXLEY, Ohio, *Chairman*

JAMES A. LEACH, Iowa	JOHN J. LAFALCE, New York
MARGE ROUKEMA, New Jersey	BARNEY FRANK, Massachusetts
<i>Vice Chair</i>	PAUL E. KANJORSKI, Pennsylvania
DOUG BEREUTER, Nebraska	MAXINE WATERS, California
RICHARD H. BAKER, Louisiana	CAROLYN B. MALONEY, New York
SPENCER BACHUS, Alabama	LUIS V. GUTIERREZ, Illinois
MICHAEL N. CASTLE, Delaware	NYDIA M. VELAZQUEZ, New York
PETER T. KING, New York	MELVIN L. WATT, North Carolina
EDWARD R. ROYCE, California	GARY L. ACKERMAN, New York
FRANK D. LUCAS, Oklahoma	KEN BENTSEN, Texas
ROBERT W. NEY, Ohio	JAMES H. MALONEY, Connecticut
BOB BARR, Georgia	DARLENE HOOLEY, Oregon
SUE W. KELLY, New York	JULIA CARSON, Indiana
RON PAUL, Texas	BRAD SHERMAN, California
PAUL E. GILLMOR, Ohio	MAX SANDLIN, Texas
CHRISTOPHER COX, California	GREGORY W. MEEKS, New York
DAVE WELDON, Florida	BARBARA LEE, California
JIM RYUN, Kansas	FRANK MASCARA, Pennsylvania
BOB RILEY, Alabama	JAY INSLEE, Washington
STEVEN C. LATOURETTE, Ohio	JANICE D. SCHAKOWSKY, Illinois
DONALD A. MANZULLO, Illinois	DENNIS MOORE, Kansas
WALTER B. JONES, North Carolina	CHARLES A. GONZALEZ, Texas
DOUG OSE, California	STEPHANIE TUBBS JONES, Ohio
JUDY BIGGERT, Illinois	MICHAEL E. CAPUANO, Massachusetts
MARK GREEN, Wisconsin	HAROLD E. FORD, Jr., Tennessee
PATRICK J. TOOMEY, Pennsylvania	RUBEN HINOJOSA, Texas
CHRISTOPHER SHAYS, Connecticut	KEN LUCAS, Kentucky
JOHN B. SHADEGG, Arizona	RONNIE SHOWS, Mississippi
VITO FOSSELLA, New York	JOSEPH CROWLEY, New York
GARY G. MILLER, California	WILLIAM LACY CLAY, Missouri
ERIC CANTOR, Virginia	STEVE ISRAEL, New York
FELIX J. GRUCCI, Jr., New York	MIKE ROSS, Arkansas
MELISSA A. HART, Pennsylvania	BERNARD SANDERS, Vermont*
SHELLEY MOORE CAPITO, West Virginia	
MIKE FERGUSON, New Jersey	
MIKE ROGERS, Michigan	
PATRICK J. TIBERI, Ohio	

### LEGISLATIVE ACTIVITIES

#### FINANCIAL ANTI-TERRORISM ACT

Public Law 107-56 (H.R. 3162; H.R. 3004)

To combat the financing of terrorism and other financial crimes,  
and for other purposes.

---

\*Mr. Sanders is an independent, but caucuses with the Democratic Caucus.

### *Summary*

Title III of H.R. 3162 contained many of the provisions of H.R. 3004, the Financial Anti-Terrorism Act. The legislation contains provisions to strengthen law enforcement authorities, as well as enhance public-private cooperation between government and industry in disrupting terrorist funding.

The legislation (1) makes it a crime to smuggle over \$10,000 into or out of the United States, and to transport more than \$10,000 in criminal proceeds across State lines; (2) gives the Justice Department new prosecutorial tools to combat terrorist-related and other money laundering through U.S. financial institutions; (3) provides statutory authorization for the Financial Crimes Enforcement Network (FinCEN), which analyzes reports filed by financial institutions on currency transactions and suspicious financial activity; (4) sets up a unit in FinCEN directed at oversight and analysis of hawalas and other underground black market banking systems; (5) directs the Treasury to develop regulations to guide financial institutions in verifying the identity of customers who open accounts at the institution; (6) directs the Treasury Department to establish a secure web site to receive electronic filings of Suspicious Activity Reports (SARs) and provide financial institutions with alerts and other information regarding patterns of terrorist or other suspicious activity that warrant enhanced scrutiny; (7) requires the Secretary of the Treasury to report quarterly to industry on how SARs are used to assist law enforcement in combating terrorism and other crimes; (8) authorizes intelligence agency access to reports filed by financial institutions and expands government access to consumer financial records and credit histories; (9) sets a December 31, 2001, deadline for proposed regulations on SAR reporting requirements for broker-dealers and authorizes the Department of the Treasury to require SARs of certain commodity futures traders; (11) authorizes the Secretary of the Treasury to impose 'special measures' if a foreign country, financial institution, transaction, or account is deemed to be a 'primary money laundering concern'; (12) prohibits U.S. financial institutions from providing banking services to 'shell' banks that have no physical presence in any country nor any affiliation with a financial institution; (13) requires greater due diligence for certain correspondent and private banking accounts; (14) authorizes Treasury to regulate concentration accounts; (15) requires financial institutions to have anti-money laundering programs; and (16) updates U.S. anti-counterfeiting laws.

### *Legislative History*

H.R. 3004, the Financial Anti-Terrorism Act, was introduced by Mr. Oxley and 17 original cosponsors on October 3, 2001, and referred to the Committee on Financial Services, and additionally to the Committees on the Judiciary, and Ways and Means. On October 11, 2001, the Committee on Financial Services met in open session and ordered the bill reported by a record vote of 62 yeas and 1 nay.

On October 17, 2001, the Committee on Financial Services reported the bill to the House (H. Rept. 107-250, Part I) and the Committees on Judiciary and Ways and Means were discharged from the further consideration of the bill. On October 17, 2001, the

House considered H.R. 3004 under suspension of the rules and passed the bill by a record vote of 412 yeas and 1 nay. The bill was received in the Senate and referred to the Senate Committee on Banking, Housing, and Urban Affairs.

The provisions of H.R. 3004, as negotiated with the Senate, were incorporated into title III of H.R. 3162, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001. H.R. 3162 was introduced by Mr. Sensenbrenner and one original cosponsor on October 23, 2001 and referred to the Committee on the Judiciary and additionally to the Committees on Intelligence (Permanent Select), Financial Services, International Relations, Energy and Commerce, Education and the Workforce, Transportation and Infrastructure, and Armed Services.

On October 23, 2001, the House considered H.R. 3162 under suspension of the rules and passed the bill on October 24, 2001 by a record vote of 357 yeas and 66 nays. The bill was received in the Senate on October 24, 2001 and passed by unanimous consent on October 25, 2001, clearing the bill for the White House.

H.R. 3162 was presented to the President on October 25, 2001, and signed into law on October 26, 2001, becoming public law 107-56.

#### THE TERRORISM RISK INSURANCE ACT OF 2002

Public Law 107-297 (H.R. 3210; S. 2600)

To ensure the continued financial capacity of insurers to provide coverage for risks from terrorism.

#### *Summary*

The Act establishes the Terrorism Insurance Program in the Department of the Treasury under which the Federal government will share the risk of loss from future terrorist attacks with the commercial property and casualty insurance marketplace, for a temporary period of time. The Secretary of the Treasury will administer the Program and pay the Federal share of compensation for insured losses. The Federal government pays 90 percent of insured losses in excess of an insurer's deductible, while the insurer pays 10 percent. Insurers may reinsure their insurer deductibles and 10 percent co-shares. Losses covered by the Program will be capped at \$100 billion per year; above this amount, Congress will determine the procedures for and the source of any payments.

Before receiving Federal assistance under this Act, an insurer must certify its claim for payment of insured losses, that a policyholder (or person acting on the policyholder's behalf) has filed a claim for such loss, and the insurer's compliance with the Act. The Secretary may not reimburse an insurer for such losses unless the insurer has provided clear and conspicuous disclosure to the policyholder of the premium charged for terrorism coverage and the Federal share of compensation. This disclosure to the policyholder must occur at the time of offer, purchase, and renewal of the policy for policies issued after the date of enactment, and must be made on a separate line item in the policy with respect to policies issued more than 90 days after enactment. For policies issued before the

date of enactment, the disclosure must be made within 90 days of such date. Insurers must submit premium and claims information to the Secretary who may investigate and audit all claims under the Program.

Each entity meeting the definition of insurer under this legislation is required to participate in the Program. During the first two years of the Program each such insurer must make available in all of its property and casualty insurance policies coverage for insured losses, and shall make such coverage available on terms that do not differ materially from the terms, amounts, and other coverage limitations applicable to losses arising from events other than acts of terrorism. The Secretary has discretion to extend this requirement to the third year of the Program, to preserve this important option for policyholders.

The Secretary can require full repayment of any Federal assistance by the industry, with mandatory repayment for any Federal assistance provided for non-catastrophic losses under the established retention levels. This insurance marketplace retention is set at \$10 billion in Program year 1 (including any remainder of 2002), \$12.5 billion in Program year 2, and \$15 billion in Program year 3. Federal assistance within the retention above the insurer deductibles and 10 percent co-shares must be recouped while additional amounts of Federal assistance may be recouped based on economic factors in the judgment of the Secretary. Mandatory recoupment within the insurance marketplace retention is through terrorism loss risk-spreading premiums (surcharges) paid by all commercial property and casualty policyholders based on premium rates with any year's surcharge (mandatory and discretionary combined) capped at 3 percent of the premium charged for property and casualty insurance coverage under the policy in each such year. The Secretary has discretion over the timing of recoupment, and to adjust amounts for urban, smaller commercial, and rural areas, as well as for different lines of insurance, so long as the mandatory amounts are ultimately recouped. The Secretary may assess civil penalties on insurers for submission of false or misleading information or failure to repay the Secretary for any amount required to be repaid, or for other failure to comply with the provisions of this title.

The Secretary is also directed to conduct an expedited study to determine whether adequate and affordable catastrophe reinsurance for acts of terrorism is available to group life insurers and whether the threat of terrorism is reducing the availability of group life insurance for consumers. Should the Secretary determine that terrorism coverage is not or will not be reasonably available to insurers and consumers, the Secretary would be required to include group life insurance in the Terrorism Insurance Program. In so doing, the Secretary would have discretion to determine the most appropriate way to include group life insurance in the Program.

The Secretary, after consultation with the NAIC, is also directed to conduct a study of the potential effects of acts of terrorism on the availability of life insurance generally and other lines of insurance coverage, including personal lines, to be submitted to Congress not later than 9 months from the date of enactment.



Commercial property and casualty terrorism insurance exclusions that are in force on the date of the enactment of this legislation are voided to the extent that they exclude losses that would otherwise be insured losses. Any State approval of any commercial property and casualty terrorism insurance exclusion in force on the date of enactment is also void to the extent that it excludes losses that would otherwise be insured losses.

Until the end of 2003, States will be required to allow rate and form changes to take effect immediately but retain authority to disapprove any rates as excessive, inadequate, or unfairly discriminatory and, where a State has prior approval authority for forms, subsequent review of such forms is permitted.

The Program creates an exclusive Federal action to address claims arising from terrorist attacks, preempting corollary State actions and jurisdiction (although State substantive law would continue to apply). Claims can be consolidated in the appropriate Federal courts by the Judicial Panel on Multidistrict Litigation. The Program does not provide payments for punitive damages from the Federal government.

The Program backstop lasts for slightly over 3 years, terminating on December 31, 2005. Title II allows victims of terrorism to obtain satisfaction of judgments from blocked assets of terrorists. Title III creates certain emergency authority of the Board of Governors of the Federal Reserve System.

#### *Legislative History*

H.R. 3210 was introduced in the House on November 1, 2001, by Mr. Oxley and 30 original cosponsors. The bill was referred to the Committee on Financial Services and in addition to the Committee on Ways and Means and the Committee on the Budget.

The House Committee on Financial Services held two hearings and a roundtable discussion prior to introduction of the bill. On September 26, 2001, the Full Committee held a hearing entitled, "America's Insurance Industry: Keeping the Promise." The Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises held a hearing October 24, 2001, entitled, "Protecting Policymakers from Terrorism: Private Sector Solutions." Finally, the Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises held a roundtable Discussion on Terrorism Risk Insurance on October 31, 2001.

The Committee on Financial Services met in open session on November 7, 2001, and ordered H.R. 3210 reported to the House with a favorable recommendation, with an amendment, by a voice vote. On November 19, 2001 the Committee on Ways and Means met in open session and ordered H.R. 3210 reported to the House, with an amendment, by a voice vote. On November 26, 2001, the Committees on the Budget and Judiciary were discharged from the further consideration of the bill.

On November 28, 2001 the Committee on Rules met and reported a rule providing for consideration of H.R. 3210 with one hour of general debate (H. Res. 297) and making a specified amendment in order.

On November 29, H.Res. 297 was agreed to by a record vote of 216 yeas and 202 nays. The House then considered and passed H.R. 3210 by a record vote of 227 yeas and 193 nays.

On November 30, 2001, H.R. 3210 was received in the Senate, read the first time and placed on the Senate Legislative Calendar under Read the First Time. On December 3, 2001, H.R. 3210 was read the second time and placed on the Senate Legislative Calendar under General Orders.

On November July 25, 2002, H.R. 3210 was laid before Senate by unanimous consent, the Senate struck all after the Enacting Clause and substituted the language of S. 2600 as amended, and H.R. 3210 passed the Senate with an amendment by Unanimous Consent. A Conference was requested and conferees were appointed.

On September 10, 2002, the House instructed conferees with respect to a provision regarding satisfaction of judgments by terrorist victims of blocked assets of terrorists, by a vote of 373-0.

On November 13, 2002, the conference report to accompany H.R. 3210 (H. Rept. 107-779) was filed in the House.

On November 13, 2002, the Committee on Rules reported a rule providing for the consideration of the conference report (H.Res. 607), which was agreed to on November 14, 2002, by a voice vote. On November 14, 2002, the conference report was agreed to in the House by voice vote.

On November 19, 2002, the conference report was agreed to in the Senate by a roll call vote of 86 yeas and 11 nays, clearing the bill for the White House. The bill was presented to the President on November 22, 2002, and signed into law on November 26, 2002, becoming public law number 107-297.

#### SECOND EXPORT-IMPORT BANK EXTENSION

##### Public Law 107-186 (H.R. 4782)

To extend the authority of the Export-Import Bank until June 14, 2002.

##### *Summary*

The bill extended the authority of the Export-Import Bank through June 14, 2002.

##### *Legislative History*

On May 21, 2002, H.R. 4782 was introduced in the House by Mr. Oxley and referred to the Committee on Financial Services. On May 21, 2002, the House considered H.R. 4782 under suspension of the rules and passed the bill by a voice vote.

On May 22, 2002, the bill was received in the Senate, and passed by unanimous consent, clearing it for the White House. H.R. 4782 was presented to the President on May 29, 2002, and signed into law on May 30, 2002, becoming public law 107-186.

## DEFENSE PRODUCTION AMENDMENTS ACT OF 2001

## Public Law 107-47 (H.R. 2510)

To extend the expiration date of the Defense Production Act of 1950, and for other purposes.

*Summary*

H.R. 2510 authorized the extension of the Defense Production Act of 1950 (DPA) for two years beyond its September 30, 2001 expiration. The legislation also makes technical corrections to the DPA. The underlying act itself uses economic tools to provide prompt, adequate and uninterrupted supplies of industrial resources to satisfy both national security needs and needs arising from civil emergencies.

*Legislative History*

H.R. 2510 was introduced on July 17, 2001 by Mr. King (by request), with one original cosponsor. The Committee on Financial Services met in open session on July 25, 2001 and ordered H.R. 2510 reported to the House with a favorable recommendation, by a voice vote. The Committee reported the bill to the House on July 30, 2001 (H. Rept. 107-173).

On September 5, 2001, the House considered the bill under suspension of the rules and agreed to by voice vote.

On September 6, 2001, the bill was received in the Senate and referred to the Committee on Banking, Housing, and Urban Affairs. The committee discharged the legislation by Unanimous Consent on September 21, 2001 and the measure was laid before the Senate by unanimous consent. On September 21, 2001, the Senate passed the bill with an amendment by unanimous consent.

On September 25, 2001, the House concurred in the Senate amendment with further amendments by unanimous consent. On September 26, 2001, the Senate agreed to the House amendments to the Senate Amendments by unanimous consent and clearing the bill for the White House.

On October 1, 2001, the legislation was presented to the President, and signed on October 5, 2001 becoming public law number 107-47.

## MARK-TO-MARKET EXTENSION ACT

## Public Law 107-116 (H.R. 2589; H.R. 3061)

To amend the Multifamily Assisted Housing Reform and Affordability Act of 1997 to reauthorize the Office of Multifamily Housing Assistance Restructuring, and for other purposes.

*Summary*

H.R. 2589, the Mark-to-Market Extension Act of 2001, extends the Office of Multifamily Housing Assistance Restructuring through October 1, 2004, and reauthorizes the mark-to-market program through October 1, 2006. In addition, H.R. 2589 simplifies issues of jurisdiction and coordination by requiring the Program Di-

rector to report directly to the Federal Housing Commissioner and eliminates the need for Senate confirmation of the Director.

*Legislative History*

H.R. 2589 was introduced by Mrs. Roukema and one original cosponsor on July 23, 2001 and referred to the Committee on Financial Services.

The Committee met in open session on July 25, 2001 to consider H.R. 2589 and ordered the bill reported to the House with a favorable recommendation by a voice vote. The Committee reported the bill to the House on September 5, 2001 (H. Rept. 107-196).

On September 24, 2001, the House considered H.R. 2589 under suspension of the rules and passed the bill by a voice vote. The bill was received in the Senate on September 25, 2001 and placed on the Senate legislative calendar. No further action was taken on this measure in the 107th Congress.

The text of the measure was included in title VI of H.R. 3061, the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2002. The conference report to accompany H.R. 3061 (H. Rept. 107-342) was considered by the House on December 19, 2001, and agreed to by a record vote of 393 yeas and 30 nays. The Senate considered the conference report by unanimous consent on December 20, 2001 and agreed to the conference report by a record vote of 90 yeas and 7 nays, clearing the bill for the White House.

The bill was presented to the President on January 4, 2002, and signed into law on January 10, 2001, becoming public law 107-116.

EMERGENCY SECURITIES RESPONSE ACT OF 2001

(H.R. 3060)

To provide the Securities and Exchange Commission (SEC) with enhanced authority to respond to extraordinary market disturbances.

*Summary*

H.R. 3060, the Emergency Securities Response Act of 2001, extends the duration of a SEC emergency order issued pursuant to section 12(k)(2) of the Securities Exchange Act of 1934 (15 U.S.C. 78l(k)(2)) from ten to 30 business days, and under certain circumstances, up to a total of 90 calendar days.

*Legislative History*

On September 26, 2001, the Committee held a hearing on the state of the nation's financial markets in the wake of the terrorist attacks of September 11, at which SEC Chairman Harvey Pitt testified with respect to the Nation's securities markets. Pursuant to requests by Members of the Committee at that hearing, Chairman Pitt submitted a request for expanded emergency authority under section 12(k)(2).

H.R. 3060 was introduced in the House by Mr. Oxley and 4 original cosponsors on October 9, 2001 and was referred to the Committee on Financial Services.

On November 11, 2001, the Committee met in open session and ordered H.R. 3060 reported with a favorable recommendation to the House, without amendment, by a voice vote. The Committee reported the bill to the House on November 13, 2001 (H.Rept. 107-283).

H.R. 3060 was considered by the House under suspension of the rules on November 13, 2001 and passed the House by a voice vote. On November 14, 2001, the bill was received in the Senate and referred to the Senate Committee on Banking, Housing, and Urban Affairs.

No further action was taken on H.R. 3060 in the 107th Congress.

#### NORTH AMERICAN DEVELOPMENT BANK

(H.R. 5400)

To authorize the President of the United States to agree to certain amendments to the Agreement between the Government of the United States of America and the Government of the United Mexican States concerning the establishment of a Border Environment Cooperation Commission and a North American Development Bank, and for other purposes.

#### *Summary*

H.R. 5400 authorizes the President to agree to the amendments to the North American Development Bank (NADBank) Cooperation Agreement that do the following: enable the NADBank to make grants and non-market rate loans out of its paid-in capital resources with the approval of its Board; and amend the definition of the NADBank "border region" to include the area in the United States that is within 100 kilometers of the international boundary between the United States and Mexico, and the area in Mexico that is within 300 kilometers of the international boundary line between the Mexico and the United States. H.R. 5400 requires Treasury to submit an annual report to Congress on the NADBank. H.R. 5400 also contains a series of sense of Congresses which address the water conservation fund of the NADBank.

#### *Legislative History*

On September 18, 2002, Mr. Bereuter introduced H.R. 5400 with 3 original cosponsors, and the bill was referred to the Committee on Financial Services. On September 26, 2002, the Committee on Financial Services met in open session and ordered H.R. 5400 reported to the House, with an amendment, by a voice vote. The Committee on Financial Services reported the bill to the House on October 3, 2002 (H. Rept. 107-720). The Committee filed a supplemental report containing the cost estimate of the Congressional Budget Office on October 7, 2002 (H. Rept. 107-720, Part II).

On October 10, 2002, the House passed H.R. 5400 by unanimous consent. The bill was received in the Senate on October 15, 2002. No further action was taken on this measure in the 107th Congress.

## OVERSIGHT ACTIVITIES

## REPORTS ON THE CONDUCT OF MONETARY POLICY

On February 28 and July 18, 2001, and February 27 and July 17, 2002, the Committee received testimony from the Chairman of the Federal Reserve Board, Alan Greenspan, on the conduct of monetary policy. The report continued a tradition of twice-yearly reports by the Fed Chairman to the committees of jurisdiction in the House and Senate that formerly were referred to as “Humphrey-Hawkins” hearings after the act that required the testimony.

## TERRORISM INSURANCE

On September 26, 2001, the Committee on Financial Services held a Full Committee hearing entitled America’s Insurance Industry: Keeping the Promise. The hearing focused on the insurance industry’s response to the September 11th terrorist attacks. The hearing began with an update on the Nation’s financial markets from Securities and Exchange Chairman Harvey Pitt. The New York Insurance Department, National Association of Insurance Commissioners, and several insurance industry CEOs then discussed how the immediate human needs of the victims of the September 11th tragedy were being met by insurers, and confirmed the financial strength of the U.S. insurance industry. An analyst from A.M. Best Company also spoke to the strength of the industry and its ability to pay claims in response to the tragedy. Also raised at the hearing was the possible need for the Federal government to create a backstop for terrorism insurance for any future terrorist events.

## THE WORLDCOM FRAUD

On July 8, 2002 the Committee on Financial Services held a hearing entitled, “Wrong Numbers: the Accounting Problems at WorldCom.” On June 25, 2002, WorldCom announced that an internal audit found transfers of expenses from expense accounts to capital expenditure accounts (thereby deferring and not immediately recognizing the costs), in violation of generally accepted accounting principles (GAAP). The amount of the transfers was \$3.055 billion for 2001 and \$797 million for first quarter 2002. Without these transfers, the company would have reported a net loss for 2001 and for the first quarter of 2002. The purpose of the hearing was to gain further insight into the scope and nature of the fraudulent transactions and the individuals involved at WorldCom.

## TERRORIST FINANCING: A PROGRESS REPORT ON IMPLEMENTATION OF THE USA PATRIOT ACT

On September 19, 2002, the full Committee held a hearing to review the government’s implementation of the terrorist finance and anti-money laundering provisions of the USA PATRIOT Act, enacted into law on October 26, 2001. The hearing highlighted the Bush administration’s efforts to identify and disrupt the channels used to finance global terrorism, including informal or underground financial networks, charitable organizations, and the precious met-

als trade. The hearing also examined the Treasury Department's progress in developing regulations implementing specific provisions of the PATRIOT Act, as well as the administration's diplomatic initiatives to enlist the cooperation of other countries in combating terrorist financing. Testifying were Robert S. Mueller, Director of the Federal Bureau of Investigation; Deputy Secretary of Treasury Kenneth W. Dam; and Alan Larson, Under Secretary of State for Economic, Business and Agricultural Affairs.

#### HUD RESPA REFORM

On July 29, 2002, HUD published its proposed rule to reform the Real Estate Settlement Procedures Act RESPA in the Federal Register (67 Fed. Reg. 49134) for a 90-day public comment period which ended on October 28, 2002.

The proposal addresses the issue of loan originator compensation. It improves HUD's Good Faith Estimate (GFE) settlement cost disclosures and HUD's related RESPA regulations. Also, the rule promotes competition by removing regulatory barriers to allow guaranteed packages of settlement services and mortgages to be made available to consumers.

The Committee on Financial Services held a hearing on October 3, 2002, entitled "Reforming the Real Estate Settlement Procedure: Review of HUD's proposed RESPA Rule". The Honorable Mel Martinez, Secretary of the Department of Housing and Urban Development, was the only witness to testify.

#### HEARINGS HELD

*Conduct of Monetary Policy.* Hearing to receive the testimony of the Chairman of the Federal Reserve Board of Governors on monetary policy and the state of the economy. February 28, 2001. PRINTED, serial no. 107-1.

*State of the International Financial System and IMF Reform.* Hearing to receive the testimony of the Secretary of the Treasury on the state of the international financial system and IMF reform. May 22, 2001. PRINTED, serial no. 107-19.

*The California Energy Crisis: Causes, Impacts, and Remedies.* Hearing entitled "The California Energy Crisis: Causes, Impacts, and Remedies." June 20, 2001. PRINTED, serial no. 107-26.

*Conduct of Monetary Policy.* Hearing to receive the testimony of the Chairman of the Federal Reserve Board of Governors on monetary policy and the state of the economy. July 18, 2001. PRINTED, serial no. 107-35.

*America's Insurance Industry: Keeping the Promise.* Hearing entitled "America's Insurance Industry: Keeping the Promise." September 26, 2001. PRINTED, serial no. 107-45.

*Dismantling the Financial Infrastructure of Global Terrorism.* Hearing entitled "Dismantling the Financial Infrastructure of Global Terrorism." October 3, 2001. PRINTED, serial no. 107-46.

*Conduct of Monetary Policy.* Hearing to receive the testimony of the Chairman of the Federal Reserve Board of Governors on monetary policy and the state of the economy. February 27, 2002. PRINTED, serial no. 107-56.

*State of the International Financial System and IMF Reform.* Hearing to receive the testimony of the Secretary of the Treasury on the state of the international financial system and IMF reform. February 28, 2002. PRINTED, serial no. 107-58.

*Corporate and Auditing Accountability, Responsibility, and Transparency Act of 2002.* Legislative hearing on H.R. 3763, the Corporate and Auditing Accountability, Responsibility, and Transparency Act of 2002. March 13 and 20, and April 9, 2002. PRINTED, serial no. 107-60.

*European Union's Financial Services Action Plan and its Implications for the American Financial Services Industry.* Hearing on the European Union's Financial Services Action Plan and its implications for the American financial services industry. May 22, 2002. Serial no. 107-70.

*Wrong Numbers: The Accounting Problems at WorldCom.* Hearing entitled "Wrong Numbers: The Accounting Problems at WorldCom. July 8, 2002. Serial no. 107-74.

*Conduct of Monetary Policy.* Hearing to receive the testimony of the Chairman of the Federal Reserve Board of Governors on monetary policy and the state of the economy. July 17, 2002. Serial no. 107-76.

*Terrorist Financing: A Progress Report on the Implementation of the USA PATRIOT Act.* Hearing entitled "Terrorist Financing: A Progress Report on the Implementation of the USA PATRIOT Act. September 19, 2002. Serial no. 107-83.

*Reforming the Real Estate Settlement Procedure: Review of HUD's Proposed RESPA Rule.* Hearing entitled "Reforming the Real Estate Settlement Procedure: Review of HUD's Proposed RESPA Rule." October 3, 2002. Serial no. 107-85.



SUBCOMMITTEE ON CAPITAL MARKETS, INSURANCE, AND  
GOVERNMENT SPONSORED ENTERPRISES

(Ratio: 25-22)

RICHARD H. BAKER, Louisiana, *Chairman*

ROBERT W. NEY, Ohio <i>Vice Chairman</i>	PAUL E. KANJORSKI, Pennsylvania
CHRISTOPHER SHAYS, Connecticut	GARY L. ACKERMAN, New York
CHRISTOPHER COX, California	NYDIA M. VELAZQUEZ, New York
PAUL GILLMOR, Ohio	KEN BENTSEN, Texas
RON PAUL, Texas	MAX SANDLIN, Texas
SPENCER BACHUS, Alabama	JAMES H. MALONEY, Connecticut
MICHAEL N. CASTLE, Delaware	DARLENE HOOLEY, Oregon
EDWARD R. ROYCE, California	FRANK R. MASCARA, Pennsylvania
FRANK D. LUCAS, Oklahoma	STEPHANIE TUBBS JONES, Ohio
BOB BARR, Georgia	MICHAEL CAPUANO, Massachusetts
WALTER B. JONES, Jr., North Carolina	BRAD SHERMAN, California
STEVEN C. LATOURETTE, Ohio	GREGORY MEEKS, New York
JOHN B. SHADEGG, Arizona	JAY INSLEE, Washington
DAVE WELDON, Florida	DENNIS MOORE, Kansas
JIM RYUN, Kansas	CHARLIE GONZALEZ, Texas
BOB RILEY, Alabama	HAROLD E. FORD, Jr., Tennessee
VITO FOSSELLA, New York	RUBEN HINOJOSA, Texas
JUDY BIGGERT, Illinois	KEN LUCAS, Kentucky
GARY C. MILLER, California	RONNIE SHOWS, Mississippi
DOUG OSE, California	JOSEPH CROWLEY, New York
PATRICK J. TOOMEY, Pennsylvania	STEVE ISRAEL, New York
MIKE FERGUSON, New Jersey	MIKE ROSS, Arkansas
MELISSA A. HART, Pennsylvania	JOHN J. LAFALCE, New York
MIKE ROGERS, Michigan	<i>Ex Officio</i>
MICHAEL G. OXLEY, Ohio <i>Ex Officio</i>	

LEGISLATIVE ACTIVITIES

INVESTOR AND CAPITAL MARKETS FEE RELIEF ACT

Public Law 107-123 (H.R. 1088, S. 143)

To amend the Securities Exchange Act of 1934 to reduce fees collected by the Securities and Exchange Commission, and for other purposes.

*Summary*

H.R. 1088, the Investor and Capital Markets Fee Relief Act, addresses the excessive fees paid by participants in the capital markets, which had generated revenues exceeding the budget of the Securities and Exchange Commission (SEC) by over 600 percent. The Act reduces all SEC fees, including transaction fees, registration fees, merger/tender fees, and single stock future transaction fees. In addition, the Act addresses the problem of the difficulty of the SEC to retain top professional staff at current pay levels, especially in light of the disparate pay that SEC staff received as compared with the staff at the Federal banking regulatory agencies. Accord-

ingly, the Act provides for pay parity for SEC staff, in order to bring their pay up to the level of comparable employees at those other financial regulatory agencies.

*Legislative History*

H.R. 1088 was introduced in the House by Mr. Fossella and 3 original cosponsors on March 19, 2001. The bill was referred solely to the Committee on Financial Services. On March 20, 2001, the bill was referred to the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises.

The Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises held a hearing entitled "Saving Investors Money: Reducing Excessive SEC fees" on March 7, 2001. The Subcommittee received testimony from the Securities and Exchange Commission, the Senate sponsors of a similar measure, S. 143, and various market participants.

The Subcommittee met in open session on March 21, 2001 and approved the bill for full Committee consideration by a voice vote. The full Committee met on March 28, 2001 and ordered the bill reported to the House, with an amendment, with a favorable recommendation by a voice vote. The Committee reported the bill to the House on May 1, 2001 (H.Rept. 107-52, Part I) and the bill was sequentially referred to the House Committee on Government Reform. The Committee on Government Reform was discharged of the further consideration of the bill on May 25, 2001.

On June 12, 2001, the Committee on Rules reported a modified closed rule providing for the consideration of H.R. 1088 (H.Res. 161) which was agreed to on June 14, 2001 by a record vote of 408 yeas and 12 nays. The House considered and passed the bill on June 14, 2001 by a record vote of 404 yeas and 22 nays.

The bill was received in the Senate on June 14, 2001 and placed on the Senate legislative calendar. On December 20, 2001, the Senate passed the bill by unanimous consent, clearing the bill for the White House.

H.R. 1088 was presented to the President on January 4, 2002 and signed into law on January 16, 2002, becoming public law number 107-123.

SARBANES-OXLEY ACT OF 2002

Public Law 107-204 (H.R. 3763; H.R. 3764; S. 2673)

To protect investors by improving the accuracy and reliability of corporate disclosures made pursuant to the securities laws, and for other purposes.

*Summary*

The legislation provides for new controls and monitoring mechanisms over the accounting and investment banking industries, and establishes new rules on corporate governance. The Act's major provisions include: creation of the Public Company Accounting Oversight Board, an independent oversight body to oversee public accountants; requiring companies to disclose, on a rapid and current basis, material changes in their financial condition or operations; increased criminal penalties for white collar crime; en-

hanced SEC review of corporate disclosures; prevention of sales of securities by insiders during blackout periods that apply to employees' stock holdings in retirement plans; prohibitions of loans to executives; authorization for the SEC to direct funds it collects in connection with civil penalties against securities law violators to be included in disgorgement funds for investors; requirement that CEO and CFO certify financial statements; restrictions on non-audit services to audit clients; mandatory audit partner rotation; and enhanced firewalls at investment banks between securities research analysts and investment bankers.

#### *Legislative History*

H.R. 3763, the Corporate and Auditing Accountability, Responsibility, and Transparency Act of 2002, was introduced on February 14, 2002 by Mr. Oxley and 26 cosponsors and referred to the Committee on Financial Services. H.R. 3764, the Securities and Exchange Commission Authorization Act of 2002, was also introduced on February 14, 2002 with 22 original cosponsors. On March 4, 2002, both bills were referred to the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises.

The full Committee held 3 days of a legislative hearing on H.R. 3764 on March 13, 20, and April 9, 2002, and heard from a number of public and private witnesses regarding the merits of the legislation. On April 11, the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises was discharged from the further consideration of the bill by unanimous consent, and the full Committee met in open session to consider H.R. 3763 and H.R. 3764. H.R. 3764 was ordered reported to the House with a favorable recommendation, with an amendment, by a voice vote. The Committee continued its consideration of H.R. 3763 on April 16, 2002, when the bill was ordered reported to the House with a favorable recommendation, with an amendment, by a voice vote.

Both H.R. 3763 and H.R. 3764 were reported to the House on April 22, 2002 (H.Rept. 107-414 and H.Rept. 107-415, respectively). A supplemental report on H.R. 3764, containing the cost estimate of the Congressional Budget Office, was filed with the House on April 24, 2002 (H.Rept. 107-415, Part II).

On April 23, 2002, the Committee on Rules reported a modified closed rule to the House (H.Res. 395). The House agreed to H.Res. 395 on April 24, 2002 by a voice vote. The House considered and passed H.R. 3763 by a record vote of 334 yeas and 90 nays on April 24, 2002.

The bill was received in the Senate and referred to the Senate Committee on Banking, Housing, and Urban Affairs on April 25, 2002.

On June 25, 2002, the House considered H.R. 3764 under suspension of the rules, and the House passed the bill on June 26, 2002 by a record vote of 422 yeas and 4 nays. H.R. 3764 was received in the Senate and referred to the Senate Committee on Banking, Housing, and Urban Affairs.

On July 15, 2002, the Senate Committee on Banking, Housing, and Urban Affairs was discharged from the further consideration of H.R. 3763 by unanimous consent. The measure was laid before the Senate, amended with the text of S. 2673 as amended, and

passed by unanimous consent. The Senate insisted on its amendment, and appointed conferees on July 17, 2002.

On July 17, 2002, the House disagreed to the Senate amendment and agreed to the conference requested by the Senate by unanimous consent. A motion to instruct conferees offered by Mr. Conyers was not agreed to by a record vote of 207 yeas and 218 nays. Conferees were appointed from the Committee on Financial Services, the Committee on Education and the Workforce, the Committee on Energy and Commerce, the Committee on the Judiciary, and the Committee on Ways and Means.

The provisions of H.R. 3764 were included in the conference report to accompany H.R. 3763.

The Conferees met on July 19, 2002, the House chairing, and the conference report was filed in the House on July 24, 2002 (H.Rept. 107-610). The Conference report was considered pursuant to a unanimous consent agreement on July 25, 2002, and agreed to by a record vote of 423 yeas and 3 nays.

On July 25, 2002, the Senate agreed to the conference report by a record vote of 99 yeas and no nays, clearing the measure for the White House. The bill was presented to the President on July 26, 2002 and signed on July 30, 2002, becoming public law number 107-204.

#### FINANCIAL SERVICES ANTIFRAUD NETWORK ACT

(H.R. 1408)

To safeguard the public from fraud in the financial services industry, to streamline and facilitate the antifraud information-sharing efforts of Federal and State regulators, and for other purposes.

#### *Summary*

H.R. 1408, the Financial Services Antifraud Network Act of 2001, directs Federal and State financial regulators, to the extent practicable and appropriate, to develop procedures to provide for a network for the sharing of antifraud information. In addition to coordinating the different regulators' computer systems, H.R. 1408 establishes the first industry-wide comprehensive protections for confidentiality, privacy, and security, of government information shared through the network on regulated entities. It also directs the regulators to provide certain minimum due process rights where adverse actions are taken against a person. To further protect information shared between regulators, H.R. 1408 establishes certain limited legal privileges and confidentiality and liability protections for regulatory and supervisory information.

H.R. 1408 also allows State insurance regulators to perform FBI fingerprint background checks on insurance applicants to obtain relevant criminal records, subject to certain limitations and protections against misuse. Finally, H.R. 1408 limits the ability of persons to work in the securities industry if they have been disciplined by banking, thrift, credit union, or insurance regulators.

#### *Legislative History*

H.R. 1408 was introduced in the House on April 4, 2001, by Mr. Rogers from Michigan and 4 original cosponsors. The bill was re-

ferred to the Committee on Financial Services in addition to the Committee on the Judiciary and the Committee on Agriculture. Within the Committee on Financial Services, the bill was referred to the Subcommittee on Financial Institutions and Consumer Credit and the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises.

The Subcommittee on Financial Institutions and Consumer Credit met in open session on May 9 and June 13, 2001. On June 13, the Subcommittee approved H.R. 1408 for full Committee consideration, with an amendment, by a record vote of 20 yeas and 1 nay. On June 22, 2001, the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises was discharged from the further consideration of the bill.

On June 27, 2001, the Committee on Financial Services met in open session and ordered H.R. 1408 reported to the House, with an amendment, with a favorable recommendation by a voice vote.

On August 2, 2001, the Committee on Financial Services reported H.R. 1408 to the House (H.Rept. 107-192, Part I) and the Committee on the Agriculture was discharged from the further consideration of the bill pursuant to an exchange of correspondence between the committees. On October 10, 2001, the Committee on the Judiciary met in open session and ordered H.R. 1408 reported to the House, with an amendment, with a favorable recommendation by voice vote. The Committee on the Judiciary reported the bill to the House on October 16, 2001 (H.Rept. 107-192, Part II).

The House considered H.R. 1408 on November 6, 2001, under suspension of the rules. H.R. 1408 passed by a record vote of 392 yeas and 4 nays.

On November 7, 2001, H.R. 1408 was received in the Senate, read twice, and referred to the Senate Committee on Banking, Housing, and Urban Affairs. No further action was taken on this legislation in the 107th Congress.

SECONDARY MORTGAGE MARKET ENTERPRISES REGULATORY  
IMPROVEMENT ACT

(H.R. 1409)

To reform the regulation of certain housing-related Government-sponsored enterprises.

*Summary*

H.R. 1409, the Secondary Mortgage Market Enterprises Regulatory Improvement Act, transfers the regulation of Fannie Mae and Freddie Mac to the Federal Reserve Board. Under the bill, the Board takes over the safety and soundness responsibilities of the Office of Federal Housing Enterprise Oversight (OFHEO) and the mission setting responsibilities of the Secretary of Housing and Urban Development (HUD), except that the Secretary would keep his responsibility for affordable housing goals and Fair Housing Act compliance. The Board has the authority to approve new activities and to review on-going activities of an enterprise to ensure legal compliance. Prompt corrective action and enforcement powers are provided to the Board.

*Legislative History*

H.R. 1409 was introduced in the House by Mr. Baker on April 4, 2001 and was referred to the Committee on Financial Services. The bill was referred to the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises on May 11, 2001.

On July 11, 2001, the Subcommittee on Capital Markets held a legislative hearing on reform of the housing Government Sponsored Enterprises, including H.R. 1409 and the report by the Congressional Budget Office entitled "Federal Subsidies and the Housing GSEs" (May 2001). Witnesses giving testimony included senior corporate officers from Fannie Mae and Freddie Mac and representatives from trade associations, consulting firms, and academia.

No further action was taken on this legislation in the 107th Congress.

## OVERSIGHT ACTIVITIES

## INSURANCE REGULATION

On May 16, 2001, the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises held an oversight hearing entitled "NARAB & Beyond: Achieving Nationwide Uniformity in Agent Licensing." The hearing reviewed the status of State reforms implementing reciprocity and the longer-term goal of uniformity and explored what Congress could do to keep the process moving forward. The Subcommittee received testimony from The Honorable Sue Kelly, one of the chief sponsors of the NARAB provisions in the Gramm-Leach-Bliley Act, the National Association of Insurance Commissioners (NAIC), and various insurance agent/broker groups. Ms. Kelly spoke to the history of agent licensing reform and the passage of the NARAB provisions. The NAIC discussed the current status of reform and described NAIC initiatives to achieve nationwide reciprocity and uniformity. The insurance agent/broker groups gave their differing views on the status of producer licensing reform and what additional legislation or oversight Congress should consider.

On June 21, 2001, the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises held an oversight hearing entitled "Insurance Product Approval: The Need for Modernization." The hearing continued the Committee's oversight of insurance regulatory improvements. The hearing examined the status of insurance product regulation and the need for uniformity, efficiency, and timeliness in the regulatory review of insurance rates and forms. The Subcommittee received testimony from the NAIC and the National Conference of Insurance Legislators (NCOIL), numerous insurance industry associations, as well as a consumer representative and a former State insurance commissioner. The NAIC and NCOIL discussed the status of State-based regulation and reform initiatives. The American Council of Life Insurers focused mainly on the need for uniform policy standards and a single point of filing mechanism for life insurance policies. Property/casualty trade associations focused on problems in the approval of forms and rates and discussed the need for a market-oriented regulatory structure. The Consumer Federation of America and the former II-

linois insurance director discussed the academic research on rate regulation including the experience of different States with their regulatory reform efforts.

The Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises held a hearing over several days in June, 2002 on insurance regulation entitled "Insurance Regulation and Competition for the 21st Century". The purpose of the hearing was to discuss the numerous issues the Committee will need to consider in analyzing proposals to increase the efficiency and uniformity of insurance regulation. At each day of the hearing, witnesses assessed these issues in light of the current regulatory structure and under various reform proposals for the future.

On June 4, 2002, the Subcommittee focused on the history of insurance regulation (including the role of the State regulator associations and various modeling and rating entities), the economics of the industry (including how industry regulation is funded), and the role of alternative markets, State residual markets/disaster pools, risk retention groups, captives, and surplus lines providers. On June 11, 2002, the Subcommittee reviewed the insurance product approval process, efforts by the States to coordinate financial exams and the evolution of the NAIC's accreditation program, the importance of uniform U.S. insurance regulation in maintaining U.S. competitiveness in world trade and strengthening our negotiating position with the E.U. and other international markets, the various E.U. models for financial regulation, and international issues facing the reinsurance industry. On June 18, 2002, the Subcommittee analyzed regulatory models used in other financial services sectors and different reform philosophies, as well as market conduct regulation and consumer protection issues. In addition to addressing individual issues panelists discussed their support for or opposition to various reform proposals. Witnesses included State insurance regulators, consumers, agents and brokers, banks, financial services firms, and insurance companies.

The Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises continued its review of proposals to improve insurance regulation with a "roundtable discussion" on Insurance Regulatory Reform on September 17, 2002. The Roundtable examined the entire gamut of reform philosophies and proposals including: State by State reforms, coordination of State regulation through the National Association of Insurance Commissioners, Federal promotion of State uniformity, and an optional Federal charter.

#### TERRORISM INSURANCE

The Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises held a hearing on October 24, 2001, entitled "Protecting Policyholders from Terrorism: Private Sector Solutions." The hearing examined whether there was an impending availability crisis for terrorism insurance following September 11th and provided a forum to discuss possible solutions to any crisis. Witnesses testifying included Secretary of the Treasury Paul O'Neill and Glenn Hubbard, Chairman of the Council of Economic Advisers on the presence of a potential availability and affordability crisis for terrorism insurance; representatives from an air-

port which spoke to their inability to obtain affordable terrorism insurance at pre-September 11 levels and the effect on the airport's business; an insurance broker, who analyzed the terrorism coverage market; and the General Accounting Office, which summarized a number of domestic and international approaches that have been used to address difficult-to-insure risks. Also testifying were academic experts, consumer groups, and insurance company executives who spoke to the pros and cons of various approaches that could be used to ensure terrorism insurance coverage for America's consumers and businesses.

The Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises continued a review of the various approaches that could be used to ensure terrorism insurance coverage on October 31, 2001, when it held a "roundtable discussion" on Terrorism Risk Insurance. Participating in this event were representatives from Federal and State government, primary and reinsurance company representatives, academics, consumer groups, and commercial policyholders.

#### RISK BASED CAPITAL FOR GOVERNMENT SPONSORED ENTERPRISES

On Wednesday, August 1, 2001, the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises held a hearing to consider the Office of Federal Housing Enterprise Oversight (OFHEO) final rule on risk-based capital standards for Fannie Mae and Freddie Mac. The hearing was conducted pursuant to the Subcommittee's responsibilities under the Congressional Review Act for major rules. OFHEO's rule specifies the stress test to be used in determining the risk-based capital requirement and, along with the minimum capital requirement, the capital classification for purposes of possible supervisory action. OFHEO's stress test will determine the amount of total capital each enterprise needs to survive a ten-year period of severe economic stress in the housing and credit markets. OFHEO's Director testified before the Subcommittee.

#### SUBSIDIES FOR HOUSING GOVERNMENT SPONSORED ENTERPRISES

On Wednesday, May 23, 2001, the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises held a hearing on Federal subsidies for the housing government sponsored enterprises (GSEs)—Fannie Mae, Freddie Mac, and the Federal Home Loan Banks. The purpose of the hearing was to receive an update from the Congressional Budget Office (CBO) of its 1996 estimate of the value of the subsidies provided by Congress to the housing GSEs. The GSEs benefit from their government ties through a funding advantage and tax and regulatory exemptions. CBO found that the housing GSEs receive a substantial Federal subsidy as a result of their special status, estimated to be \$13.6 billion in 2000. CBO also found that the GSEs pass through some but not all of that subsidy to mortgage borrowers, about \$7 billion in 2000. CBO's Director testified before the Subcommittee.

On Wednesday, July 11, 2001, the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises held a second hearing on the CBO report on subsidies for the housing GSEs.



Testifying before the Subcommittee were senior corporate officers from Fannie Mae and Freddie Mac and representatives from trade associations, consulting firms, and academia.

#### INTERNATIONAL ACCOUNTING STANDARDS

On Thursday, June 7, 2001, the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises held a hearing on promotion of international capital flow through accounting standards. The purpose of the hearing was to consider the issue of convergence in international financial reporting requirements and the impact of the establishment of international accounting standards on the world's capital markets and investors. The Subcommittee reviewed the work of international and domestic accounting standard setters to ensure that those standards promote fair and efficient capital flows, and to ensure that the standards facilitate investor access to the highest quality information about the capital markets and their participants. Testifying before the Subcommittee were representatives from an international accounting standards body, a corporation, and an accounting firm.

#### REVIEW OF VOLUNTARY AGREEMENT BY FANNIE MAE AND FREDDIE MAC

On Tuesday, March 27, 2001, the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises held a hearing to review the voluntary agreement by Fannie Mae and Freddie Mac on to improve their capitalization, information disclosure, and market discipline. The purpose of the hearing was to review the commitments made, the progress that Fannie Mae and Freddie Mac made to date, and plans for further implementation. Fannie Mae and Freddie Mac are privately owned, Federally chartered companies, created by Congress to supplement the flow of housing credit. Witnesses testifying before the Subcommittee were senior corporate officers from Fannie Mae and Freddie Mac.

#### MARKET DATA AND TRANSPARENCY

On March 14th, 2001, the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises held a hearing entitled "Public Access to Market Data—Improving Transparency and Competition." The purpose of the hearing was to examine how current regulations could be changed to take advantage of modern technology to provide investors with more efficient and accurate information flows. The subcommittee examined how market data is disseminated, the transparency of information about the costs and revenues associated with market data dissemination, and the need for modernization of the regulatory structure governing the production and dissemination of market data.

On July 26th, 2001, the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises held a hearing entitled "Market Data II: Implications to Investors and Market Transparency of Granting Ownership Rights over Stock Quotes." This hearing focused on the debate surrounding the regulations governing market data: the issue of whether market data consolidators, which have government-granted exclusive rights over

market data distribution, need, or should receive, a new legal ownership right over the stock quotes that make up stock market data.

#### FAIR DISCLOSURE AND REGULATION FD

On May 17, 2001, The Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises held a hearing entitled “Fair Disclosure or Flawed Disclosure: Is Reg FD helping or hurting investors.” On August 10, 2000 the SEC adopted Regulation Fair Disclosure (Reg FD), a rule governing the disclosure of information by publicly traded companies. Reg FD requires companies to disclose all material nonpublic information at once. The purpose of the hearing was to examine whether Reg FD had been successful in reaching its objective to provide a level playing field regarding information access for all investors.

#### WALL STREET ANALYSTS AND CONFLICTS OF INTEREST

On June 14th and July 31st, 2001 the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises held a hearing over two days entitled “Analyzing the Analysts.” The purpose of the hearings was to examine Wall St. research practices. On the first day, the Subcommittee heard from a broad range of witnesses assessing the question of whether conflicts of interest facing securities analysts preclude research that is objective and free of bias. On the second day, the subcommittee broadened the scope of its inquiry to examine the role of other participants in Wall Street research beyond analysts, such as institutional investors, corporate issuers, and the media.

#### THE ENRON COLLAPSE

The Subcommittee on Capital Market, Insurance, and Government Sponsored Enterprises held 2 hearings entitled “The Enron Collapse: Impact on Investors and Financial Markets” to examine the implications of the Enron bankruptcy, the largest corporate bankruptcy in history at that time. The Subcommittee’s investigation included such matters as: whether the current financial reporting and disclosure model is outdated and needs to be modernized so that investors can receive more transparent, useful, and timely information; whether the accounting profession requires greater oversight; why equity analysts failed to warn investors about Enron’s decline; and whether credit rating agencies failed to downgrade Enron in a timely manner. The Subcommittee held a joint hearing with the Subcommittee on Oversight and Investigations on December 12, 2001, and a further hearing on February 4, 2002, and February 5, 2002.

#### ACCOUNTING REFORM AND CORPORATE GOVERNANCE

On May 1 and 14, 2002, the Subcommittee held a hearing to review the generally accepted accounting principles and discretionary accounting practices that American companies use every day to report on their operations. Among those under critical review by regulators, Congress, and the press included principles and practices for reporting revenue from the sale of a business; changes to ac-

counts receivable; company loans to corporate insiders; special accounting mechanisms designed to minimize taxes; and pension fund transactions. The Subcommittee also examined the adequacy of the current regulatory system to appropriately and timely assess the accuracy of financial reporting statements based on historical cost. Witnesses during the two hearings addressed the costs to investors and employees of reliance on GAAP-based financial statements; the theories behind many of the most controversial transactions and structures; and the potential impact of alternatives, including “value reporting,” to the current GAAP-based model. Witnesses included the chief accountant of the SEC; the chairman of the Financial Accounting Standards Board; and other experts from academia, a financial analysis firm, a public interest group, and the Attorney General of the State of Ohio.

#### HEARINGS HELD

*Saving Investors Money: Reducing Excessive SEC Fees.* Hearing on saving investors money: reducing excessive SEC fees. March 7, 2001. PRINTED, serial no. 107-3.

*Public Access to Stock Market Data: Improving Transparency and Competition.* Hearing entitled “Public Access to Stock Market Data: Improving Transparency and Competition.” March 14, 2001. PRINTED, serial no. 107-5.

*Review of the Voluntary Agreement by Fannie Mae and Freddie Mac.* Hearing on the review of the voluntary agreement by Fannie Mae and Freddie Mac. March 27, 2001. PRINTED, serial no. 107-7.

*Promotion of Capital Availability to American Businesses.* Joint hearing with the Subcommittee on Financial Institutions and Consumer Credit on the promotion of capital availability to American businesses. April 4, 2001. PRINTED, serial no. 107-9.

*NARAB & Beyond.* Hearing entitled “NARAB & Beyond.” May 16, 2001. May 16, 2001. PRINTED, serial no. 107-17.

*Fair Disclosure or Flawed Disclosure: Is Reg FD Helping or Hurting Investors?* Hearing entitled “Fair Disclosure or Flawed Disclosure: Is Reg FD Helping or Hurting Investors?” May 17, 2001. PRINTED, serial no. 107-18.

*CBO Report on Federal Subsidies for the Housing GSEs.* Hearing on the CBO report on Federal subsidies for the Housing GSEs. May 23, 2001. PRINTED, serial no. 107-20.

*Promotion of International Capital Flow through Accounting Standards.* Hearing entitled “Promotion of International Capital Flow through Accounting Standards.” June 7, 2001. PRINTED, serial no. 107-22.

*Analyzing the Analysts.* Hearing entitled “Analyzing the Analysts.” June 14 and July 31, 2001. PRINTED, serial no. 107-25.

*Insurance Product Approval: The Need for Modernization.* Hearing entitled “Insurance Product Approval: The Need for Modernization.” June 21, 2001. PRINTED, serial no. 107-28.

*Reforming Fannie Mae and Freddie Mac.* Hearing on reforming Fannie Mae and Freddie Mac. July 11, 2001. PRINTED, serial no. 107-32.

*Market Data: Implications to Investors.* Hearing entitled “Market Data: Implications to Investors.” July 26, 2001. PRINTED, serial no. 107-40.

*OFHEO Risk-Based Capital Rule.* Hearing on the OFHEO risk-based capital rule. August 1, 2001. PRINTED, serial no. 107-41.

*Pushing Back the Pushouts: The SEC’s Broker-Dealer Rules.* Joint hearing with the Subcommittee on Financial Institutions and Consumer Credit entitled “Pushing Back the Pushouts: The SEC’s Broker-Dealer Rules.” August 2, 2001. PRINTED, serial no. 107-43.

*Protecting Policyholders from Terrorism: Private Sector Solutions.* Hearing entitled “Protecting Policyholders from Terrorism: Private Sector Solutions.” October 24, 2001. PRINTED, serial no. 107-48.

*The Enron Collapse: Impact on Investors and Financial Markets.* Joint hearing with the Subcommittee on Oversight and Investigations entitled “The Enron Collapse: Impact on Investors and Financial Markets.” December 12, 2001. PRINTED, serial no. 107-51, Part I.

*The Enron Collapse: Impact on Investors and Financial Markets.* Hearing entitled “The Enron Collapse: Impact on Investors and Financial Markets.” February 4 and 5, 2002. PRINTED, serial no. 107-51, Part II.

*Corporate Accounting Practices: Is there a Credibility GAAP?* Hearing entitled “Corporate Accounting Practices: Is there a Credibility GAAP?” May 1 and 14, 2002. PRINTED, serial no. 107-67.

*Insurance Regulation and Competition for the 21st Century.* Hearing entitled “Insurance Regulation and Competition for the 21st Century.” June 4, 11, and 18, 2002. Serial no. 107-72.

*Treasury’s Policy on Housing Government Sponsored Enterprises.* Hearing on the Department of the Treasury’s policy on housing government sponsored enterprises. July 16, 2002. PRINTED, serial no. 107-75.

*OFHEO’s Risk-Based Capital Stress Test for Fannie Mae and Freddie Mac.* Hearing on the Office of Federal Housing Enterprise Oversight’s risk-based capital stress test for Fannie Mae and Freddie Mac. July 23, 2001. PRINTED, serial no. 107-79.

SUBCOMMITTEE ON DOMESTIC MONETARY POLICY,  
TECHNOLOGY, AND ECONOMIC GROWTH

(Ratio: 14-12)

PETER T. KING, New York, *Chairman*

JAMES A. LEACH, Iowa <i>Vice Chairman</i>	CAROLYN B. MALONEY, New York
EDWARD R. ROYCE, California	BARNEY FRANK, Massachusetts
FRANK D. LUCAS, Oklahoma	GREGORY MEEKS, New York
RON PAUL, Texas	BERNIE SANDERS, Vermont
STEVEN C. LATOURETTE, Ohio	JAMES H. MALONEY, Connecticut
DOUG OSE, California	DARLENE HOOLEY, Oregon
MARK GREEN, Wisconsin	MAX SANDLIN, Texas
CHRISTOPHER SHAYS, Connecticut	CHARLIE GONZALEZ, Texas
JOHN B. SHADEGG, Arizona	MICHAEL CAPUANO, Massachusetts
VITO FOSSELLA, New York	RUBEN HINOJOSA, Texas
FELIX J. GRUCCI, Jr., New York	WILLIAM LACY CLAY, Missouri
MELISSA A. HART, Pennsylvania	MIKE ROSS, Arkansas
SHELLEY MOORE CAPITO, West Virginia	JOHN J. LAFALCE, New York
MICHAEL G. OXLEY, Ohio <i>Ex Officio</i>	<i>Ex Officio</i>

LEGISLATIVE ACTIVITIES

GENERAL SHELTON GOLD MEDAL ACT

Public Law 107-127 (H.R. 2751)

To authorize the President to award a gold medal on behalf of the Congress to General Henry H. Shelton and to provide for the production of bronze duplicates of such medals for sale to the public.

*Summary*

H.R. 2751, the General Shelton Gold Medal Act, authorizes the President to present, on behalf of the Congress, to General Henry H. Shelton a gold medal of appropriate design in recognition of his performance as a military leader in coordinating the planning, strategy, and execution of the United States and NATO combat action and his invaluable contributions to the United States and to the successful return to peace in the Balkans as Chairman of the Joint Chiefs of Staff.

*Legislative History*

H.R. 2751 was introduced by Mr. Etheridge on August 2, 2001 with 11 original cosponsors and referred to the House Committee on Financial Services. On August 24, 2001 the bill was referred to the Subcommittee on Domestic Monetary Policy, Technology and Economic Growth.

On December 19, 2001, the House considered the bill under suspension of the rules and passed H.R. 2751 by a voice vote, with an amendment.

On December 20, 2001 H.R. 2751 was received in the Senate, read twice, considered, read the third time, and passed without amendment by unanimous consent, clearing the bill for the White House. The bill was presented to the President on January 1, 2002, and signed into law on January 16, 2002, becoming public law number 107-127.

BUREAU OF ENGRAVING AND PRINTING SECURITY PRINTING  
AMENDMENTS ACT

(H.R. 2509; H.R. 3004)

To authorize the Secretary of the Treasury to produce currency, postage stamps, and other security documents at the request of foreign governments on a reimbursable basis.

*Summary*

H.R. 2509 would authorize the Secretary of the Treasury to produce currency, postage stamps, and other security documents for foreign governments (subject to a determination by the Secretary of State that such production is consistent with U.S. foreign policy) on a reimbursable basis.

*Legislative History*

H.R. 2509 was introduced by Mr. King on July 17, 2001 (by request), with one original cosponsor, and referred to the Committee on Financial Services. The bill was referred to the Subcommittee on Domestic Monetary Policy, Technology, and Economic Growth on July 31, 2001.

The text of H.R. 2509 was included in H.R. 3004, the Financial Antiterrorism Act of 2001. While provisions of H.R. 3004 were included in H.R. 3162, the USA PATRIOT Act, the specific provisions of H.R. 2509 were not. For further action on H.R. 3004, please see the entry for H.R. 3004 in the full Committee section.

The bill was considered under suspension of the rules on March 19, 2002 and passed the House by a record vote of 403 yeas and 11 nays. On March 20, 2002, H.R. 2509 was received in the Senate and read twice and referred to the Committee on Banking, Housing, and Urban Affairs. No further action was taken on this measure in the 107th Congress.

TRUE AMERICAN HEROES ACT

(H.R. 3054; H.R. 5138)

To award Congressional gold medals on behalf of government workers who responded to the attacks on the World Trade Center and perished and on behalf of people aboard United Airlines Flight 93 who helped resist the hijackers and caused the plane to crash.

*Summary*

H.R. 3054, the True American Heroes Act, authorizes the President to present on behalf of Congress a gold medal to the next of kin or other representative of each officer, emergency worker, or employee of a State and local government agency, including the Port Authority of New York and New Jersey, and of the Federal

Government, who responded to the attacks on the World Trade Center in New York City, and perished in the tragic events of September 11, 2001 (including those who are missing and presumed dead). The bill also authorizes the President to award posthumously, on behalf of Congress and in recognition of heroic service to the Nation, gold medals to any passengers or crew members on board United Airlines Flight 93 who are identified by the Attorney General as having aided in the effort to resist the hijackers on board the plane.

Further, H.R. 3054 expresses the sense of Congress that the medals: (1) should be designed, struck, and presented within 90 days after enactment of this Act; and (2) be struck at the U.S. Mint at West Point, New York, to the greatest extent possible. The bill also authorizes the Secretary of the Treasury to strike and sell bronze duplicates and requires that the proceeds from such sale to be deposited in a fund to be used to erect a memorial for the fallen emergency responders.

#### *Legislative History*

H.R. 3054 was introduced on October 5, 2001 by Mr. King and one original cosponsor and referred to the Committee on Financial Services. The bill was referred to the Subcommittee on Domestic Monetary Policy, Technology and Economic Growth on November 2, 2001.

On December 18, 2001, the House considered the bill under suspension of the rules and passed H.R. 3054 by a record vote of 392 yeas and 2 nays.

On December 19, 2001 H.R. 3054 was received in the Senate and referred to the Committee on Banking, Housing, and Urban Affairs.

On July 16, 2002, Mr. King introduced H.R. 5138, the True American Heroes Act of 2002, with 6 original cosponsors, and the bill was referred to the Committee on Financial Services. The text of the bill was similar to H.R. 3054, but included provisions intended to respond to certain concerns raised by members of the Senate. On July 22, 2002, the House considered the bill under suspension of the rules and the bill passed by a voice vote. H.R. 5138 was received in the Senate and referred to the Senate Committee on Banking, Housing, and Urban Affairs on July 23, 2002.

No further action was taken on either measure in the 107th Congress.

#### CODE TALKERS RECOGNITION ACT

(H.R. 3250)

To authorize the presentation of gold medals on behalf of Congress to Native Americans who served as Code Talkers during foreign conflicts in which the United States was involved during the 20th Century in recognition of their service to the nation.

#### *Summary*

H.R. 3250 declares that the purposes of the medals authorized by this Act are to express recognition by the United States and its citizens and to honor the Native American Code Talkers who distin-

guished themselves in performing highly successful communications operations that greatly assisted in saving countless lives and in hastening the end of World War I and World War II.

The bill provides for the award on behalf of Congress (where appropriate, posthumously) of a congressional gold medal to named Sioux Indians who served as Sioux Code Talkers during World War II, to named Comanche Code Talkers of World War II in recognition of their contributions to the Nation, and to the Choctaw Code Talkers who transmitted information in their native language which was highly successful in saving men and munitions during World War I.

Further, H.R. 3250 authorizes the Secretary of the Treasury to strike and sell duplicates in bronze of the gold medals struck under this Act and to deposit the proceeds in the United States Mint Public Enterprise Fund to pay for the costs of the medals awarded under the legislation.

#### *Legislative History*

H.R. 3250 was introduced by Mr. Thune on November 7, 2001 and referred to the House Committee on Financial Services. On November 19, 2001, the bill was referred to the Subcommittee on Domestic Monetary Policy, Technology, and Economic Growth.

On June 18, 2002, the House considered the bill under suspension of the rules and passed the bill, with an amendment, by a voice vote.

The bill was received in the Senate and referred to the Committee on Banking, Housing, and Urban Affairs. No further action was taken on this measure in the 107th Congress.

### OVERSIGHT ACTIVITIES

#### REAUTHORIZATION OF THE DEFENSE PRODUCTION ACT OF 1950

On June 13, 2001, the Subcommittee on Domestic Monetary Policy, Technology and Economic Growth held a hearing on the reauthorization of the Defense Production Act of 1950. As part of its economic development portfolio, the Committee has sole jurisdiction over the DPA, which uses economic tools to provide prompt, adequate and uninterrupted supplies of industrial resources, including transportation, to satisfy both national security needs and needs arising from civil emergencies. The Act would have expired at the end of fiscal year 2001.

#### DESIGN AND SECURITY OF CURRENCY

On July 24,, 2001, the Subcommittee on Domestic Monetary Policy, Technology and Economic Growth held a hearing on the Design and Security of Currency. The hearing focused on efforts to make United States currency as resistant to counterfeiting as possible and on the impending introduction in 2003 of a new series of American currency with anti-counterfeiting features, including colored inks not before seen on U.S. currency. Witnesses also testified on the merits of H.R. 2509, the Bureau of Engraving and Printing Security Printing Amendments Act of 2001, and on H.R. 1021, the Liberty Bill Act.



## BEYOND THE TAX CUTS: UNLEASHING THE ECONOMY

On March 29, 2001, the Subcommittee on Domestic Monetary Policy, Technology and Economic Growth held a hearing entitled “Beyond the Tax Cuts: Unleashing the Economy.” The hearing focused on additional economic stimuli needed—in addition to the Administration’s then-proposed tax-relief package—to restore confidence in and ensure the long-term health of the economy. Witnesses included the Majority Leader of the House, Mr. Armey; E. Floyd Kvamme, Co-Chairman of the President’s Council of Advisors for Science and Technology; Lawrence Kudlow, CEO of Kudlow & Co., LLP; James Glassman, resident fellow at the American Enterprise Institute; and Dr. Martin Baily, senior fellow at the International Institute for Economics.

## ENCOURAGING CAPITAL FORMATION IN KEY SECTORS OF THE ECONOMY

On April 18, 2002, the Subcommittee on Domestic Monetary Policy, Technology and Economic Growth held a hearing on “Encouraging Capital Formation in Key Sectors of the Economy.” The hearing focused on what measures Congress can undertake to promote economic growth and foster competition in two key areas vital to American competitiveness. The hearing examined ongoing Federal efforts in areas related to the energy and telecommunications industries that have profound impacts on the ability—or lack thereof—of market participants to attract capital, and the failure of Congress to be responsive to new developments in these sectors.

## ENCOURAGING THE USE OF ELECTRONIC SIGNATURES IN THE FINANCIAL INDUSTRY

On June 28, 2001 the Subcommittee on Domestic Monetary Policy, Technology and Economic Growth heard testimony on a joint report by the Federal Trade Commission and the Department of Commerce that had been mandated by section 105(b) of the E-SIGN Act (Public Law 106-229). The study focused on the “reasonable demonstration” requirements of the consumer consent provisions in the E-SIGN Act. The FTC testified that it was too soon to make an affirmative determination of the effect the “reasonable demonstration” requirements had on the usage of electronic signatures. Witnesses included representatives of the Federal Trade Commission, the American Insurance Association, Alston & Bird LLC, the Electronic Financial Services Council, the Financial Services Roundtable and Consumers Union.

## HEARINGS HELD

*Beyond the Tax Cut: Unleashing the Economy.* Hearing entitled “Beyond the Tax Cut: Unleashing the Economy.” March 29, 2001. PRINTED, serial no. 107-8.

*Reauthorization of the Defense Production Act.* Hearing on the reauthorization of the Defense Production Act of 1950. June 13, 2001. PRINTED, serial no. 107-24.

*E-SIGN—Encouraging the Use of Electronic Signatures in the Financial Services Industry.* Hearing entitled “E-SIGN—Encouraging

the Use of Electronic Signatures in the Financial Services Industry." June 28, 2001. PRINTED, serial no. 107-31.

*Design and Security of Currency.* Hearing on the design and security of currency. July 24, 2001. PRINTED, 107-38.

*Encouraging Capital Formation in Key Sectors of the Economy.* Hearing entitled "Encouraging Capital Formation in Key Sectors of the Economy." April 18, 2002. PRINTED, serial no. 107-66

## SUBCOMMITTEE ON FINANCIAL INSTITUTIONS AND CONSUMER CREDIT

(Ratio: 25-22)

SPENCER BACHUS, Alabama, *Chairman*

DAVE WELDON, Florida <i>Vice Chairman</i>	MAXINE WATERS, California
MARGE ROUKEMA, New Jersey	CAROLYN MALONEY, New York
DOUG BEREUTER, Nebraska	MELVIN WATT, North Carolina
RICHARD H. BAKER, Louisiana	GARY ACKERMAN, New York
MICHAEL N. CASTLE, Delaware	KEN BENTSEN, Texas
EDWARD R. ROYCE, California	BRAD SHERMAN, California
FRANK D. LUCAS, Oklahoma	MAX SANDLIN, Texas
BOB BARR, Georgia	GREGORY MEEKS, New York
SUE W. KELLY, New York	LUIS GUTIERREZ, Illinois
PAUL E. GILLMOR, Ohio	FRANK MASCARA, Pennsylvania
JIM RYUN, Kansas	DENNIS MOORE, Kansas
BOB RILEY, Alabama	CHARLES A. GONZALEZ, Texas
STEVEN C. LATOURETTE, Ohio	PAUL KANJORSKI, Pennsylvania
DONALD A. MANZULLO, Illinois	NYDIA M. VELAZQUEZ, New York
WALTER B. JONES, North Carolina	JAMES H. MALONEY, Connecticut
JUDY BIGGERT, Illinois	DARLENE HOOLEY, Oregon
PATRICK J. TOOMEY, Pennsylvania	JULIA CARSON, Indiana
ERIC CANTOR, Virginia	HAROLD E. FORD, JR., Tennessee
FELIX J. GRUCCI, JR., New York	RUBEN HINOJOSA, Texas
MELISSA A. HART, Pennsylvania	KEN LUCAS, Kentucky
SHELLEY MOORE CAPITO, West Virginia	RONNIE SHOWS, Mississippi
MIKE FERGUSON, New Jersey	JOSEPH CROWLEY, New York
MIKE ROGERS, Michigan	JOHN J. LAFALCE, New York
PATRICK J. TIBERI, Ohio	<i>Ex Officio</i>
MICHAEL G. OXLEY, Ohio <i>Ex Officio</i>	

### LEGISLATIVE ACTIVITIES

#### UNLAWFUL INTERNET GAMBLING FUNDING PROHIBITION ACT

(H.R. 556)

To prevent the use of certain bank instruments for unlawful Internet gambling, and for other purposes.

#### *Summary*

H.R. 556, the Unlawful Internet Gambling Funding Prohibition Act, prohibits the acceptance of any bank instrument for unlawful Internet gambling. It defines certain terms for purposes of the Act; establishes civil remedies, criminal penalties, and regulatory enforcement authorities; encourages cooperation by foreign governments in the enforcement of the Act; and requires the Secretary of the Treasury to report annually to Congress on deliberations between the United States and other countries on issues relating to Internet gambling. Its primary purpose is to give U.S. law enforcement a new, more effective, tool for combating offshore Internet

gambling sites that illegally extend their services to U.S. citizens via the Internet.

*Legislative History*

H.R. 556 was introduced by Mr. Leach on February 12, 2001, and referred to the Committee on Financial Services, and was additionally referred to the Committee on the Judiciary.

The Financial Services Committee's Subcommittee on Financial Institutions and Consumer Credit held a hearing on July 24, 2001 on H.R. 556 and other Internet gambling proposals.

On October 31, 2001, the Subcommittee on Financial Institutions and Consumer Credit was discharged from the further consideration of H.R. 556 by unanimous consent and the Committee on Financial Services met in open session and ordered H.R. 556 reported to the House with a favorable recommendation, with an amendment, by a record vote of 34 yeas and 18 nays. The bill was reported to the House by the Committee on Financial Services on December 13, 2001 (H. Rept. 107-339, Part I).

The Judiciary Committee's Subcommittee on Crime held a hearing on November 29, 2001 on H.R. 556 and on H.R. 3215, the Combating Illegal Gambling Reform and Modernization Act, a bill on the same topic.

On December 13, 2001, the Committee on Judiciary was granted an extension for further consideration of H.R. 556 ending not later than December 21, 2001. On December 20, 2001, the Committee on Judiciary was granted an extension for further consideration of H.R. 556 ending not later than March 29, 2002. The Committee on the Judiciary was discharged from the further consideration of the bill on March 29, 2002.

On March 21, 2002, the House considered H.R. 556 under suspension of the rules and passed the bill by a voice vote. On October 2, 2002, the bill was received in the Senate and referred to the Committee on the Judiciary. No further action was taken on this measure in the 107th Congress.

CONSUMER RENTAL PURCHASE AGREEMENT ACT

(H.R. 1701)

To amend the Consumer Credit Protection Act to assure meaningful disclosures of the terms of rental-purchase agreements, including disclosures of all costs to consumers under such agreements, to provide certain substantive rights to consumers under such agreements, and for other purposes.

*Summary*

H.R. 1701, the Consumer Rental Purchase Agreement Act, establishes certain minimum standards governing rental-purchase transactions, in which consumers rent merchandise on a week-to-week or month-to-month basis, usually with no down payment required, and are free to terminate the arrangement at the end of any rental period. H.R. 1701 requires the merchant in a rent-to-own transaction to make a comprehensive set of disclosures regarding the total cost of the transaction to the consumer. The bill sets a Federal floor of protections in rental-purchase transactions, while leav-

ing undisturbed those State laws that are determined by Federal regulators to offer greater protections to consumers. H.R. 1701 establishes as a matter of Federal law that rental-purchase transactions are leases rather than credit sales, consistent with their treatment under the laws of 46 of the 50 States. The treatment of these transactions as credit sales by 4 States would be preempted.

#### *Legislative History*

H.R. 1701 was introduced in the House on May 3, 2001, by Mr. Jones of North Carolina and 12 original cosponsors. The bill was referred to the Committee on Financial Services. On May 14, 2001, the bill was referred to the Subcommittee on Financial Institutions and Consumer Credit.

On July 12, 2001, the Subcommittee on Financial Institutions and Consumer Credit held a hearing on H.R. 1701.

The Subcommittee on Financial Institutions and Consumer Credit met in open session on September 6 and November 28, 2001, and approved H.R. 1701 for full Committee consideration, as amended, by a record vote of 24 yeas and 4 nays.

The Committee on Financial Services met in open session on June 26 and 27, 2002, and ordered H.R. 1701 reported to the House with a favorable recommendation, with an amendment, by a record vote of 29 yeas and 9 nays. The Committee on Financial Services reported the bill to the House on July 18, 2002 (H. Rept. 107-590, Part I).

H.R. 1701 was sequentially referred to the Committee on the Judiciary which met in open session on September 5, 2002, and ordered H.R. 1701 reported to the House with a favorable recommendation by a record vote of 14 yeas and 12 nays. The Committee on the Judiciary reported the bill to the House on September 9, 2002 (H. Rept. 107-590, Part II).

On September 17, 2002, the Committee on Rules reported a modified closed rule providing for the consideration of H.R. 1701 (H. Res. 528). On September 18, 2002, H. Res. 528 passed the House by a record vote of 213 yeas and 178 nays. The House considered H.R. 1701 pursuant to the rule, and passed the bill by a record vote of 215 yeas and 201 nays.

On September 19, 2002, H.R. 556 was received in the Senate and referred to the Senate Committee on Banking, Housing, and Urban Affairs. No further action was taken on this measure in the 107th Congress.

#### COMMUNITY CHOICE IN REAL ESTATE ACT

(H.R. 3424)

To amend the Bank Holding Company Act of 1956 and the Revised Statutes of the United States to prohibit financial holding companies and national banks from engaging, directly or indirectly, in real estate brokerage or real estate management activities, and for other purposes.

#### *Summary*

H.R. 3424, the Community Choice in Real Estate Act, amends the Bank Holding Company Act of 1956 and the Revised Statutes

of the United States to prohibit the Board of Governors of the Federal Reserve System and the Secretary of the Treasury, respectively, from making a determination that real estate brokerage activity or real estate management activity is an activity that is either financial in nature or incidental to any financial activity, or is complementary to a financial activity.

*Legislative History*

H.R. 3424 was introduced in the House on December 6, 2001, by Mr. Calvert and 32 original cosponsors and referred to the Committee on Financial Services. On December 27, 2001, the bill was referred to the Subcommittee on Financial Institutions and Consumer Credit.

On July 24, 2002, the Subcommittee on Financial Institutions and Consumer Credit held a hearing on H.R. 3424. No further action was taken on this measure during the 107th Congress.

FINANCIAL SERVICES REGULATORY RELIEF ACT OF 2002

(H.R. 3951)

To provide regulatory relief and improve productivity for insured depository institutions, and for other purposes.

*Summary*

H.R. 3951 will alter or eliminate statutory banking provisions in order to lessen the regulatory compliance burden on insured depository institutions and improve their productivity, as well as to make needed technical corrections to current statutes. It is also intended to counterbalance the additional regulatory burden placed on insured depository institutions in the USA PATRIOT Act to focus their compliance efforts on combating money laundering and terrorist financing. H.R. 3951 would allow financial institutions to devote more resources to the business of lending to consumers and less to compliance with outdated and unneeded regulations.

*Legislative History*

H.R. 3951, the Financial Services Regulatory Relief Act of 2002, was introduced by Ms. Capito and 3 original cosponsors on March 13, 2002, and was referred to the Committee on Financial Services. The bill was referred to the Subcommittee on Financial Institutions and Consumer Credit on March 14, 2002.

The Subcommittee on Financial Institutions and Consumer Credit held a legislative hearing on H.R. 3951 on March 14 and April 25, 2002.

On May 8, 2002, the Subcommittee on Financial Institutions and Consumer Credit met in open session and approved H.R. 3951 for full Committee consideration, as amended, by a voice vote.

On June 6, 2002, the Committee on Financial Services met in open session and ordered H.R. 3951 reported to the House with a favorable recommendation, with an amendment, by a voice vote. The Committee reported the bill to the House on June 18, 2002 (H. Rept. 107-516, Part I).

H.R. 3951 was sequentially referred to the Committee on the Judiciary and, on July 17, 2002, that committee met in open session

and ordered H.R. 3951 reported to the House with a favorable recommendation, with an amendment, by a voice vote. The Committee on the Judiciary reported the bill to the House on July 22, 2002 (H. Rept. 107-516, Part II).

No further action was taken on this measure in the 107th Congress.

CHECK CLEARING FOR THE 21ST CENTURY ACT

(H.R. 5414)

To facilitate check truncation by authorizing substitute checks, to foster innovation in the check collection system without mandating receipt of checks in electronic form, and to improve the overall efficiency of the Nation's payments system, and for other purposes.

*Summary*

H.R. 5414, the Check Clearing for the 21st Century Act, will promote greater efficiency in the overall payments system and reduce the system's current reliance on the nation's transportation grid. H.R. 5414 is a proposal to modernize the check clearing process by removing legal impediments to electronic check processing. After the September 11, 2001, terrorist attacks on America, when the air traffic system was brought to a standstill for several days, the check collection process experienced significant disruptions.

*Legislative History*

H.R. 5414 was introduced on September 19, 2002 by Mr. Ferguson and one original cosponsor, and was referred to the Committee on Financial Services. On September 23, 2002 the bill was referred to the Subcommittee on Financial Institutions and Consumer Credit.

On September 25, 2002, the Subcommittee on Financial Institutions and Consumer Credit held a legislative hearing on H.R. 5414, the Check Clearing for the 21st Century Act.

No further action was taken on this measure in the 107th Congress.

FEDERAL DEPOSIT INSURANCE REFORM ACT OF 2002

(H.R. 3717)

To reform the Federal deposit insurance system, and for other purposes.

*Summary*

H.R. 3717, the Federal Deposit Insurance Reform Act of 2002, will preserve the value of insured deposits at insured depository institutions, advance the national priority of enhancing retirement security for all Americans, and ensure that the value, benefit and costs of deposit insurance are allocated equitably and fairly. The bill merges the Bank Insurance Fund (BIF) and the Savings Association Insurance Fund (SAIF); increases the standard maximum deposit insurance limit from \$100,000 to \$130,000, and indexes it every 5 years for inflation; doubles the new coverage level for certain retirement accounts; and increases the coverage amount for in-

State municipal deposits. Federally chartered credit unions are provided with parity in general standard maximum deposit insurance coverage, coverage for retirement accounts and municipal deposits.

H.R. 3717 removes legal constraints on the authority of the Federal Deposit Insurance Corporation (FDIC) to charge risk-based premium assessments, so that all insured depository institutions pay for the value and benefit of deposit insurance fairly and equitably. The legislation authorizes the FDIC to set the ratio of reserves to estimated insured deposits within a range of 1.15-1.40 percent, replacing the 1.25 percent "hard target" mandated by current law. The bill also returns assessments in the form of refunds, credits, and dividends to insured depository institutions for overpayments they have made and/or whenever the fund's level is considered strong and the financial and economic outlook is considered favorable. Dividends are provided to qualified insured depository institutions whenever the upper limits of the designated reserve ratio (DRR) are exceeded.

Finally, the legislation directs the FDIC to study its administrative and managerial processes and alternative means for administering the deposit insurance system. These studies will ensure that the deposit insurance fund and the overall deposit insurance system are managed and operated as efficiently and as effectively as possible.

#### *Legislative History*

H.R. 3717, the Federal Deposit Insurance Reform Act of 2002, was introduced on February 12, 2002 by Mr. Bachus and 15 original cosponsors and referred to the Committee on Financial Services. The bill was referred to the Subcommittee on Financial Institutions and Consumer Credit on March 1, 2002.

The Subcommittee on Financial Institutions and Consumer Credit met in open session on March 7, 2002 and approved H.R. 3717 for full Committee consideration, as amended, by a voice vote.

The Committee on Financial Services met in open session on April 17, 2002 and ordered H.R. 3717 reported to the House with an amendment by a record vote of 52 yeas and 2 nays.

The House considered H.R. 3717 under suspension of the rules and passed the bill by a record vote of 408 yeas and 18 nays. H.R. 3717 was received in the Senate on May 23, 2002 and referred to the Committee on Banking, Housing, and Urban Affairs. No further action was taken on this measure in the 107th Congress.

#### BUSINESS FREEDOM CHECKING ACT

(H.R. 1009)

To repeal the prohibition on the payment of interest on demand deposits.

#### *Summary*

H.R. 1009, the Business Checking Freedom Act of 2002, permits the payment of interest on business checking accounts held by businesses, and allow up to 24 transfers per month between accounts by any account holder. Current law forbids such accounts from drawing interest. The legislation also authorizes the Federal



Reserve to pay interest on deposits with a Federal Reserve Bank that a bank is required by law to hold as reserves against customer deposits. The legislation directs the Federal Reserve to conduct a survey of bank fees and services. The legislation would also require the Federal Reserve to transfer surplus funds to the general fund of the Treasury.

*Legislative History*

H.R. 1009 was introduced in the House on March 13, 2001 by Mr. Toomey with 6 original cosponsors and referred to the Committee on Financial Services. The bill was referred to the Subcommittee on Financial Institutions and Consumer Credit on March 21, 2001.

The Subcommittee on Financial Institutions and Consumer Credit met in open session on March 21, 2001, and approved H.R. 1009 for full Committee consideration by a voice vote. On March 28, 2001, the Committee on Financial Services met in open markup session and approved an amendment to H.R. 974, the Small Business Interest Checking Act of 2001, containing the text of H.R. 1009. Accordingly, the Committee laid H.R. 1009 upon the table by unanimous consent.

Due to Senate inaction on H.R. 974, on April 9, 2002 the House considered H.R. 1009 under suspension of the rules and passed the bill by a voice vote. No further action was taken on the measure in the 107th Congress.

SMALL BUSINESS INTEREST CHECKING ACT

(H.R. 974)

To increase the number of interaccount transfers which may be made from business accounts at depository institutions, to authorize the Board of Governors of the Federal Reserve System to pay interest on reserves, and for other purposes.

*Summary*

H.R. 974, the Small Business Interest Checking Act of 2001, permits the payment of interest on business checking accounts held. Current law forbids such accounts from drawing interest. The legislation also authorizes the Federal Reserve to pay interest on deposits with a Federal Reserve Bank that a bank is required by law to hold as reserves against customer deposits. Current law does not provide for interest payments on such deposits, leading to the characterization of such deposits as “sterile reserves”. By allowing the Federal Reserve to pay interest on such deposits, H.R. 974 would create an incentive for banks to avoid circumventing the reserve deposit requirement, and would help the Federal Reserve conduct monetary policy. The legislation would also require the Federal Reserve to transfer surplus funds to the general fund of the Treasury.

*Legislative History*

H.R. 974 was introduced on March 13, 2001 by Ms. Kelly and 2 original cosponsors, and was referred to the Committee on Financial Services. On March 20, 2002, the bill was referred to the Subcommittee on Financial Institutions and Consumer Credit.

The Subcommittee on Financial Institutions and Consumer Credit met in open session on March 21, 2001, and approved H.R. 974 for full Committee consideration by a voice vote. On March 28, 2001, the Committee on Financial Services met in open markup session and ordered H.R. 974 reported to the House with an amendment consisting of the text of H.R. 1009, the Small Business Interest Checking Act of 2001. The Committee on Financial Services reported the measure to the House on April 3, 2001 (H. Rept. 107-38). On April 3, 2001 the House considered the bill under suspension of the rules and passed H.R. 974 by a voice vote. No further action was taken on this measure in the 107th Congress.

#### OVERSIGHT ACTIVITIES

##### GIVING CONSUMERS CREDIT: HOW IS THE CREDIT CARD INDUSTRY TREATING ITS CUSTOMERS?

On November 1, 2001, the Subcommittee on Financial Institutions and Consumer Credit held a hearing on credit card industry practices. Among the issues addressed were how the credit card industry sets interest rates and how these rates compare to the cost of other forms of consumer credit; the processing practices of the industry, including the posting of payments and the handling of customer complaints; industry compliance with Federal consumer protection laws; and the credit card industry's treatment of customers whose mail service was disrupted by the terrorist attacks of September 11, 2001, and subsequent episodes of bioterrorism. Witnesses testifying at the hearing included officials from the Federal Reserve Board and the Federal Trade Commission, as well as representatives of various consumer groups and major credit card associations, including MasterCard International and VISA U.S.A.

##### RECOVERING DICTATORS' PLUNDER

On May 9, 2002, the Subcommittee on Financial Institutions and Consumer Credit held a hearing on international efforts to facilitate the recovery of assets looted from countries by corrupt foreign officials. Official corruption has had a debilitating impact in many parts of the developing world, exacerbating poverty, disease, and malnutrition, as well as creating the conditions of despair and resentment in which terrorism is more likely to breed. The hearing focused on strategies for tracing and repatriating the proceeds of corruption, including the successful efforts of the Swiss government to arrange the return to Nigeria of nearly a billion dollars allegedly stolen by that country's former military ruler Sani Abacha. The hearing featured testimony by private sector experts on corruption, financial crime, and asset recovery.

#### HEARINGS HELD

*Protecting Consumers: What Can Congress Do to Help Financial Regulators Coordinate Efforts to Fight Fraud?* Joint hearing with the Subcommittee on Oversight and Investigations. March 6, 2001. PRINTED, serial no. 107-2.

*Proposals to Permit Payment of Interest on Business Checking Accounts and Sterile Reserves Maintained at Federal Reserve Banks.*

Hearing on proposals to permit payment of interest on business checking accounts and sterile reserves maintained at Federal reserve banks. March 13, 2001. PRINTED, serial no. 107-4.

*Promotion of Capital Availability to American Businesses.* Joint hearing with the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises on the promotion of capital availability to American businesses. April 4, 2001. PRINTED, serial no. 107-9.

*Federal Reserve Board and Treasury Department Rule Proposal.* Hearing on the rule proposal of the Federal Reserve Board and the Treasury Department. May 2, 2001. PRINTED, serial no. 107-12.

*Deposit Insurance Reform.* Hearing on deposit insurance reform. May 16, 2001. PRINTED, serial no. 107-16.

*Consumer Rental Purchase Agreement Act.* Legislative hearing on H.R. 1701, the Consumer Rental Purchase Agreement Act. July 12, 2001. PRINTED, serial no. 107-33.

*Unlawful Internet Gambling Funding Prohibition Act.* Legislative hearing on H.R. 556, the Unlawful Internet Gambling Funding Prohibition Act and other Internet gambling proposals. July 24, 2001. PRINTED, serial no. 107-37.

*Viewpoints of Select Regulators on Deposit Insurance Reform.* Hearing entitled "Viewpoints of Select Regulators of Deposit Insurance Reform." July 26, 2001. PRINTED, serial no. 107-39.

*Pushing Back the Pushouts: the SEC's Broker Dealer Rules.* Joint hearing with the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises entitled "Pushing Back the Pushouts: the SEC's Broker Dealer Rules." August 2, 2001. PRINTED, serial no. 107-43.

*Viewpoints of the FDIC and Select Industry Experts on Deposit Insurance Reform.* Hearing entitled "Viewpoints of the FDIC and Select Industry Experts on Deposit Insurance Reform. October 17, 2001. PRINTED, serial no. 107-47.

*Giving Consumers Credit: How is the Credit Card Industry Treating its Customers?* Hearing entitled "Giving Consumers Credit: How is the Credit Card Industry Treating its Customers?" November 1, 2001. PRINTED, serial no. 107-49.

*Financial Services Regulatory Relief Act.* Legislative hearing on H.R. 3951, the Financial Services Regulatory Relief Act of 2002. March 14 and April 25, 2002. PRINTED, serial no. 107-62.

*Recovering Dictators' Plunder* Hearing on recovering dictator's plunder. May 9, 2002. PRINTED, serial no. 107-69.

*Community Choice in Real Estate Act.* Legislative hearing on H.R. 3424, the Community Choice in Real Estate Act. July 24, 2002. Serial no. 107-80.

*Check Clearing for the 21st Century Act* Legislative hearing on H.R. 5414, the Check Clearing for the 21st Century Act. September 25, 2002. Serial no. 107-84.



## SUBCOMMITTEE ON HOUSING AND COMMUNITY OPPORTUNITY

(Ratio: 14-12)

MARGE ROUKEMA, New Jersey, *Chair*

MARK GREEN, Wisconsin  
*Vice Chairman*

DOUG BEREUTER, Nebraska

SPENCER BACHUS, Alabama

PETER T. KING, New York

ROBERT W. NEY, Ohio

BOB BARR, Georgia

SUE W. KELLY, New York

BOB RILEY, Alabama

GARY G. MILLER, California

ERIC CANTOR, Virginia

FELIX J. GRUCCI, JR., New York

MIKE ROGERS, Michigan

PATRICK J. TIBERI, Ohio

MICHAEL G. OXLEY, Ohio

*Ex Officio*

BARNEY FRANK, Massachusetts

NYDIA VELAZQUEZ, New York

JULIA CARSON, Indiana

BARBARA LEE, California

JAN SCHAKOWSKY, Illinois

STEPHANIE TUBBS JONES, Ohio

MICHAEL CAPUANO, Massachusetts

MAXINE WATERS, California

BERNARD SANDERS, Vermont\*

MELVIN WATT, North Carolina

WILLIAM LACY CLAY, Missouri

STEVE ISRAEL, New York

JOHN J. LAFALCE, New York

*Ex Officio*

### LEGISLATIVE ACTIVITIES

#### MANUFACTURED HOUSING FEES

##### Public Law 107-18 (S. 1029)

A bill to clarify the authority of the Department of Housing and Urban Development with respect to the use of fees during fiscal year 2001 for the manufactured housing program.

#### *Summary*

S. 1029 clarifies the authority of the Department of Housing and Urban Development on the use of fees during FY 2001 for the manufactured housing program.

#### *Legislative History*

On June 13, 2001, Mr. Sarbanes introduced S. 1029 in the Senate with 10 original cosponsors and the Senate passed the bill by unanimous consent. On June 14, the bill was received in the House.

On June 20, 2001, the House considered the bill under suspension of the rules and passed the bill by a voice vote, clearing S. 1029 for the White House. The bill was presented to the President on June 26, 2001 and signed into law on July 5, 2001, becoming public law number 107-18.

---

\*Mr. Sanders is an independent, but caucuses with the Democratic Caucus.

## FHA MULTIFAMILY HOUSING MORTGAGE LOAN LIMIT ADJUSTMENT ACT

Public Law 107-73 (H.R. 1629; H.R. 2620)

To increase the mortgage loan limits under the National Housing Act for multifamily housing mortgage insurance.

*Summary*

H.R. 1629, the FHA Multifamily Housing Mortgage Loan Limit Adjustment Act of 2001, amends the National Housing Act to increase the mortgage loan limits for housing mortgage insurance.

*Legislative History*

H.R. 1629, the FHA Multifamily Housing Mortgage Loan Limit Adjustment Act of 2001, was introduced by Mrs. Roukema and one original cosponsor on April 26, 2001 and referred to the Committee on Financial Services. The bill was referred to the Subcommittee on Housing and Community Opportunity on May 10, 2001.

The text of the measure was included in section 213 of H.R. 2620, the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2002. The conference report to accompany H.R. 2620 was considered by the House on November 8, 2001, and agreed to by a record vote of 401 yeas and 18 nays. The Senate considered the conference report by unanimous consent on November 8, 2001 and agreed to the conference report by a record vote of 87 yeas and 7 nays, clearing the bill for the White House.

The bill was presented to the President on November 15, 2001, and signed into law on November 26, 2001, becoming public law 107-73.

## SENIORS COMMISSION EXTENSION ACT

Public Law 108-73 (H.R. 1850; H.R. 2620)

To extend the Commission on Affordable Housing and Health Facility Needs for Seniors in the 21st Century and to make technical corrections to the law governing the Commission.

*Summary*

H.R. 1850, the Senior Housing Commission Extension Act of 2001 would make a technical correction to extend the dates authorizing the Commission's reporting date from December 21, 2001 to December 31, 2002; extend the Commission termination date from June 30, 2002, to March 31, 2003. In addition, H.R. 1850 gives the Commission the authority to use employees from any agency to assist in its completion of the report on a non-reimbursable nature.

*Legislative History*

H.R. 1850, the Senior Housing Commission Extension Act of 2001, was introduced by Mrs. Roukema and one original cosponsor on May 15, 2001 and referred to the Committee on Financial Services. The bill was referred to the Subcommittee on Housing and Community Opportunity on May 29, 2001.

On June 27, 2001, the Subcommittee on Housing and Community Opportunity was discharged from the further consideration of H.R. 1850 by unanimous consent and the full Committee met in open session to consider H.R. 1850. The Committee ordered H.R. 1850 reported to the House with a favorable recommendation by a voice vote. The Committee reported the bill to the House on July 19, 2001 (H. Rept. 107-147).

On September 24, 2001, the House considered H.R. 1850 under suspension of the rules and passed the bill by a voice vote. The bill was received in the Senate on September 25, 2001 and referred to the Senate Committee on Banking, Housing, and Urban Affairs. No further action was taken on this measure in the 107th Congress.

A modified version of the text of the measure was included in H.R. 2620, the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2002. The conference report to accompany H.R. 2620 was considered by the House on November 8, 2001, and agreed to by a record vote of 401 yeas and 18 nays. The Senate considered the conference report by unanimous consent on November 8, 2001 and agreed to the conference report by a record vote of 87 yeas and 7 nays, clearing the bill for the White House.

The bill was presented to the President on November 15, 2001, and signed into law on November 26, 2001, becoming public law 107-73.

TECHNICAL CORRECTION FOR JACKSONVILLE, FLORIDA CONTINUUM OF CARE HOMELESS ASSISTANCE PROGRAM APPLICATION

Public Law 107-151 (H.R. 3699)

To revise certain grants for continuum of care assistance for homeless individual and families.

*Summary*

The bill directs the Secretary of Housing and Urban Development to limit the amount of a grant (pursuant to the Notice of Funding Availability for Continuum of Care Homeless Assistance Programs for FY 2001) to the Liberty Center for the Homeless Incorporated. States that if an award has been made in excess of such amount prior to enactment of this Act, the Secretary shall modify the award and distribute such excess to other applicants from the Jacksonville, Florida, Continuum of Care in the order listed in the project priority list.

*Legislative History*

H.R. 3699 was introduced by Mr. Crenshaw and one original co-sponsor on February 7, 2002 and referred to the Committee on Financial Services. On March 4, 2002, the bill was referred to the Subcommittee on Housing and Community Opportunity.

On February 12, 2002, the House considered the bill under suspension of the rules and passed H.R. 3699 by a record vote of 421 yeas and no nays.

The bill was received in the Senate on February 13, 2002 and referred to the Senate Committee on Banking, Housing, and Urban Affairs. On February 25, 2002, the Senate Committee on Banking,

Housing, and Urban Affairs was discharged from the further consideration of the bill and the Senate passed the bill by unanimous consent, clearing the bill for the White House.

The bill was presented to the President on March 1, 2002 and signed into law on March 13, 2002, becoming public law number 107-151.

#### FHA DOWN PAYMENT SIMPLIFICATION ACT

Public Law 107-326 (S. 2239; H.R. 3995)

A bill to amend the National Housing Act to simplify the down payment requirements for FHA mortgage insurance for single family home buyers, repeal the increase of the GNMA guarantee fee, and index FHA multifamily loan limits.

#### *Summary*

The bill amended the National Housing Act to make permanent a down payment formula used in FHA mortgage insurance transactions that determines what is calculated as the 3 percent down payment requirement. The simplified formula was used in a demonstration and was scheduled to expire on December 30, 2002. This bill made the simplification demonstration permanent. Additionally, the FHA multifamily loan limits were indexed to reflect future increases in costs, such as construction and land as measured by the Consumer Price Index for All Urban Consumers (CPI-U), applied by the Federal Reserve Board. Finally, the bill repealed a provision included in the 1998 Higher Education Act Amendments (Public Law 105-244) to increase by 50 percent (to nine basis points) the annual fee charged beginning in FY 2005.

#### *Legislative History*

S. 2239 was introduced in the Senate on April 24, 2002 by Mr. Sarbanes. The Senate Committee on Banking, Housing, and Urban Affairs approved the bill on October 15, 2002 with amendments and the Senate passed the bill by unanimous consent on October 17, 2002.

The provisions included in S. 2239 were included in H.R. 3995, the Housing Affordability Act for America approved by the Committee on Financial Services on July 10, 2002.

S. 2239 was received in the House on October 21, 2002 and referred to the House Committee on Financial Services. The bill was referred to the Subcommittee on Housing and Community Opportunity on October 25, 2002.

On November 15, 2002, the Committee on Financial Services was discharged from the further consideration of S. 2239 and the House passed the bill by unanimous consent, clearing S. 2239 for the White House.

The bill was presented to the President on November 22, 2002, and signed by the President on December 4, 2002, becoming public law number 107-326.



NATIVE AMERICAN HOUSING ASSISTANCE AND SELF-DETERMINATION  
REAUTHORIZATION ACT

Public Law 107-292 (S. 1210; H.R. 3995)

A bill to reauthorize the Native American Housing Assistance and Self-Determination Act of 1996.

*Summary*

S. 1210, the Native American Housing Assistance and Self-Determination Reauthorization Act of 2001, The bill reauthorized the housing and community development block grant for Native American tribes recognized by the Federal government, and to a limited extent, some tribes recognized by their state governments. The bill also provides for comprehensive planning and clarifies that the creation of the Land Titles Commission does not need a specific advance appropriation in order for the HUD Secretary to appoint Commission members.

*Legislative History*

S. 1210 was introduced in the Senate on April 24, 2002 by Mr. Campbell and referred to the Senate Committee on Indian Affairs. The Senate Committee on Indian Affairs reported the bill to the Senate with an amendment on August 28, 2002 (S. Rept. 107-246) and the bill was sequentially referred to the Senate Committee on Banking, Housing, and Urban Affairs for a period not to exceed 60 days. The Senate Committee on Banking, Housing, and Urban Affairs reported the bill to the Senate on September 17, 2002 without a written report.

The Senate passed the bill by unanimous consent on October 7, 2002 and the bill was received in the House on the same day. The bill was referred to the Committee on Financial Services and, on October 15, 2002, the bill was referred to the Subcommittee on Housing and Community Opportunity.

The provisions included in S. 1210 were included in H.R. 3995, the Housing Affordability Act for America approved by the Committee on Financial Services on July 10, 2002.

On October 16, 2002, the Committee on Financial Services was discharged from the further consideration of S. 1210 and the House passed the bill by unanimous consent, clearing S. 1210 for the White House.

The bill was presented to the President on November 4, 2002, and signed by the President on November 13, 2002, becoming public law number 107-292.

## TORNADO SHELTERS ACT

(H.R. 247)

To amend the Housing and Community Development Act of 1974 to authorize communities to use community development block grant funds for construction of tornado-safe shelters in manufactured home parks.

*Summary*

The Tornado Shelters Act would authorize, as an eligible activity, funds from the Community Development Block Grant program to be used toward construction of community tornado shelters in manufactured home parks.

*Legislative History*

H.R. 247, the Tornado Shelters Act, was introduced by Mr. Bachus on January 30, 2001 and referred to the Committee on Financial Services. On March 2, 2001, the bill was referred to the Subcommittee on Housing and Community Opportunity.

On March 20, 2001, the Committee on Rules reported a modified-open rule providing for the consideration of the bill (H. Res. 93). On March 22, 2001, H. Res. 93 was agreed to by a record vote of 246 yeas and 169 nays. The House considered and passed H.R. 247, as amended, by a record vote of 401 yeas and 6 nays.

On March 22, 2001, the bill was received in the Senate and referred to the Senate Committee on Banking, Housing, and Urban Affairs. No further action was taken on this measure in the 107th Congress.

## HOUSING AFFORDABILITY FOR AMERICA ACT OF 2002

(H.R. 3995)

To amend and extend certain laws relating to housing and community opportunity, and for other purposes.

*Summary*

H.R. 3995, the Housing Affordability for America Act made reforms to existing housing programs to increase flexibility for local governments and programs, increase the availability of affordable housing and expand home ownership opportunities across the country.

Section 101, as introduced, amended the HOME program to provide specific funding and targeted HOME funds for multifamily production and rehabilitation of units primarily for very-low income and extremely-low income families and individuals. The Committee, during markup, approved an amendment replacing section 101 with a matching grant program to State and local housing trust funds. Of the total money available for matching funds, 40 percent would go to participating States and 60 percent to participating jurisdictions. These grants would be administered through the HOME investment partnership program. States and localities would be required to use these grants for the production, preservation or rehabilitation of affordable housing for very low and extremely low-income families. H.R. 3995 authorized a down payment assistance initiative under the HOME program to provide low income families with down payment assistance in order to achieve the goal of home ownership. Additional changes to increase flexibility and improve the efficiency and effectiveness of the HOME program were included.

H.R. 3995 provided new and more efficient ways to assist first-time home buyers, including helping low-income buyers purchase

their first home is the FHA program, encouraging home ownership opportunities, and increasing the supply of affordable rental housing nationwide.

In the FHA Multifamily Housing program, H.R. 3995 indexed FHA mortgage multifamily limits to reflect building, land and impact fee cost increases in the future; and, increased the maximum high-cost percentage allowing for production in extremely expensive markets. Moreover, the bill included provisions to modernize the thirty-year old healthcare mortgage insurance programs of sections 232 and 242 of the National Housing Act to make them more consistent with today's method of delivering healthcare and assisted living services for the elderly, sick, injured and disabled.

Regarding the FHA Single Family Housing program, H.R. 3995 made permanent the FHA down payment simplification calculation; modified the cap on FHA adjustable-rate mortgages; and established a uniform national loan limit for HECM. H.R. 3995 also made changes to the FHA program to tighten requirements and administration of the 203(k) FHA—the single family rehabilitation loan program.

For the elderly, H.R. 3995 provided ways to rehabilitate and preserve existing elderly housing by establishing a demonstration program for elderly housing for multigenerational families and for grandparent-headed households; authorized grants for the repair of Federally assisted housing for the elderly; and set uniform loan limits for reverse mortgages used by senior homeowners.

To better meet the housing needs of low income families, H.R. 3995 included provisions to increase payment standards and to allow Public Housing Authorities to use up to 2 percent of funds to house “hard to house families.” It also included several administrative changes to the Public Housing programs designed to improve the efficiency and success of Public Housing Authorities. Under the HOPE VI program, which was designed to rehabilitate, demolish and/or reconstruct public housing for the most severely distressed developments, H.R. 3995 provided incentives for PHAs and private entities to form partnerships and create mixed-finance and mixed-income affordable housing; allowed smaller communities to participate in the program; and ensured that recipients used the money in a timely and cost-effective manner.

Regarding homelessness, H.R. 3995 reauthorized HUD's homeless programs through FY 2004 and funded renewals of contracts through the Housing Certificate Fund. In addition, the legislation set a national goal to end homelessness within 10 years. Moreover, H.R. 3995 reauthorized HOPWA (Housing Opportunities for Persons with AIDS), which houses individuals diagnosed with HIV/AIDS and their families through 2004.

H.R. 3995 reauthorized The Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA), which expired on September 30, 2002. The block grant program was established to provide housing assistance to eligible Indian Tribes or their tribally designated housing entities (TDHEs). Eligible tribes include both Federally recognized and, to a limited degree, certain State-recognized Indian tribes formerly eligible under the 1937 Act.

Title VIII of H.R. 3995 was designed to heighten public awareness of the costs to housing affordability of certain regulations

when there is a significant adverse impact on housing affordability. H.R. 3995 required a housing impact analysis of any new rule of a Federal agency that has an economic housing impact of \$100,000,000 or more.

*Legislative History*

On March 19, 2002, Mrs. Roukema and 22 cosponsors introduced H.R. 3995, the Housing Affordability for America Act of 2002, and the bill was referred to the Committee on Financial Services, and additionally to the Committee on the Judiciary. On April 10, 2002, the bill was referred to the Subcommittee on Housing and Community Opportunity.

The Subcommittee on Housing and Community Opportunity held a 3-day legislative hearing on H.R. 3995 on April 10, 23, and 24, 2002. On June 18, 2002, the Subcommittee met in open session and approved H.R. 3995 for full Committee consideration, with an amendment.

The Committee on Financial Services met in open markup session on June 20 and July 10, 2002, and ordered H.R. 3995 reported to the House with a favorable recommendation, with an amendment. The Committee on Financial Services reported the bill to the House on September 17, 2002 (H. Rept. 107-640, Part II).

The Committee on the Judiciary referred H.R. 3995 to the Subcommittee on Commercial and Administrative Law on May 6, 2002. The Subcommittee on Commercial and Administrative Law met in open session on July 16, 2002 and approved the bill for full committee consideration. The Committee on the Judiciary met in open session on July 23, 2002 and ordered H.R. 3995 reported to the House, with a favorable recommendation. The Committee on the Judiciary reported the bill to the House on September 4, 2002 (H. Rept. 107-640, Part I).

No further action was taken on this measure in the 107th Congress.

BROWNFIELDS REDEVELOPMENT ENHANCEMENT ACT

(H.R. 2941)

To facilitate the provision of assistance by the Department of Housing and Urban Development for the cleanup and economic redevelopment of brownfields.

*Summary*

H.R. 2941, the Brownfields Redevelopment Enhancement Act, increased access to brownfields redevelopment funds for America's small communities by de-linking Section 108 loan guarantees from HUD's Brownfields Economic Development Initiative (BEDI) grants. The bill focused on providing access to capital for local entities that traditionally have had trouble obtaining financing for brownfields redevelopment activities. The bill also authorized HUD to establish a pilot program for a common brownfields redevelopment loan pool.

*Legislative History*

H.R. 2941 was introduced on September 21, 2001 by Mr. Gary G. Miller of California and three original cosponsors. The bill was referred to the Committee on Financial Services and to the Subcommittee on Housing and Community Opportunity on October 4, 2001. A hearing in the Subcommittee was held on March 6, 2002. Immediately following the hearing the Subcommittee met in open session and approved H.R. 2941 for full Committee consideration, as amended. On April 11, 2002, the Committee met in open session and ordered H.R. 2941 reported to the House with a favorable recommendation, with an amendment, by a voice vote. The Committee reported the bill to the House on May 8, 2002 (H. Rept. 107-448).

On June 4, 2002, the House considered the bill under suspension of the rules and passed the bill by a voice vote. On June 5, 2002, the bill was received in the Senate and referred to the Committee on Banking, Housing, and Urban Affairs.

No further action was taken on this measure in the 107th Congress.

## OVERSIGHT ACTIVITIES

## FHA FINANCIAL HEALTH

On March 20, 2001, the Subcommittee on Housing and Community Opportunity held a hearing entitled "The Financial Health of the Federal Housing Administration's (FHA) Single-Family Mutual Mortgage Insurance Fund." The impetus for the hearing were a GAO report, a HUD IG audit, and a CBO October 23, 2000 letter related to the Mutual Mortgage Insurance Fund (MMI). The first report represented the results of a GAO review of the adequacy of the statutorily required capital ratio standards. The second report presented the results of an annual audit of FHA's financial statements by the HUD Inspector General. The third document is an October 23, 2000 response to the Senate Housing Subcommittee regarding a MMI surplus. GAO, HUD IG, and CBO provided different perspectives on the health of the MMI and to what extent policymakers can make judgments. The health of the MMI is directly related to potential new home ownership initiatives that may require, for example, lower FHA premiums, targeted programs to vulnerable/selected populations, or the creation of a new housing production program.

## HUD PROPOSED BUDGET FOR FISCAL YEAR 2002

On April 26, 2001, the Subcommittee held a hearing on the HUD FY 2002 proposed budget where Secretary of Housing and Urban Development Mel Martinez outlined the Administration's proposed a budget for the Department of Housing and Urban Development (HUD) of approximately \$30.4 billion. The HUD budget maintained funding for the Department's core programs, including CDBG and HOME, and requested 34,000 additional (incremental) section 8 vouchers. The Administration's budget also contained a number of new initiatives, including a "Down Payment Assistance Initiative" that would allow \$200 million for matching downpayment assistance provided to families by third parties, up to \$1,500 per family

(set aside from the HOME program funds). The funds would be administered by State housing finance agencies and each year would help over 130,000 first-time low-income homebuyers.

In addition, the Administration proposed a new hybrid adjustable-rate mortgage that would work with tax incentives for savings, and proposed tax credits for rehabilitation and construction, to expand homeownership. Other initiatives provided in the Administration's HUD budget, included the "Community Technology Centers Initiative", which enhanced the Department's Neighborhood Networks program by providing \$80 million in competitive grants to help communities create or expand technology centers in high poverty urban communities. Community Development Block Grant funding of \$20 million would also be designated for use in the "Improving Access Initiative", to help religious and civic organizations, with limited resources, make their facilities accessible to the disabled.

#### HOUSING AFFORDABILITY

On May 3, 2001, the Subcommittee held the first in a series of hearings to outline the parameters of the problem of a lack of affordable housing and the complexity of the issues involved, as well as beginning discussions as to possible approaches to solutions. The witnesses in this hearing identified certain problems including, among others: inefficiencies in the HUD section 8 program that lead to low utilization rates, in various areas, of section 8 vouchers; income-targeting levels that are too low in the HOME and CDBG programs so that families that require assistance in high-cost areas are unassisted; burdensome and unnecessary local regulations that increase the cost of producing housing (such as "no-growth ordinances"); and multifamily loan limits on FHA multifamily loans that are too low to be effective in certain markets.

The second hearing, held on May 22, 2001, highlighted private activity and public/private partnerships that address affordable housing among various income sectors, as well as community development experts representing State and local governments specifically working with the Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) programs.

The third hearing, held on June 21, 2001, focused on the under-utilization of section 8 vouchers, as well as the specific problems faced by the homeless and disabled populations in finding affordable housing. In certain communities, voucher under-utilization is a significant problem. Under-utilization of vouchers was attributed to various causes including the tight rental market, poor performance by PHAs, targeting of a large percentage of vouchers to very low-income individuals, low fair market rents and rent caps of 40 percent of adjusted monthly income. While approximately 2.3 to 3 million people are homeless some part of the year, there are 150,000-200,000 people who are "chronically homeless." These individuals are not only poor, but also suffer from some sort of chronic health problem such as mental illness, alcoholism, drug abuse or HIV/AIDS. Under the Clinton Administration, HUD's strategy was to combine housing with services, known as "continuum of care," where HUD provided social services in addition to housing. Secretary Martinez has signaled an interest in shifting responsibility

for care of the homeless with mental health or substance abuse problems to HHS.

The fourth hearing, held on July 17, 2001, focused on elderly housing programs and the difficult problems faced by the elderly in finding suitable affordable housing, as well as the coordination of housing and services. The Federal government operates several programs that provide housing for large numbers of elderly residents. For the past 40 years, the primary housing program for the elderly has been the Section 202 program. Since its inception, this program has produced approximately 350,000 housing units for occupancy by the elderly. Witnesses discussed the special needs of elderly residents and the integration of services with housing, as well as planning for aging-in-place. They also addressed the current supply of elderly housing, the prospects for maintaining the units within the various Federal programs, and suggestions for better operation of the existing programs.

#### NATIONAL FLOOD INSURANCE PROGRAM

On Thursday, July 19, 2001, the Subcommittee held a hearing regarding the National Flood Insurance Program (NFIP) and repetitive flood losses. The hearing addressed the flood program proposal contained in the Administration's FY 2002 budget proposal as well as two legislative proposals: H.R. 1428, the Two Floods and You are Out of the Taxpayer's Pocket Act of 2001, and H.R. 1551, the Repetitive Flood Loss Reduction Act of 2001. The National Flood Insurance Program was created as part of the National Flood Insurance Act of 1968. Prior to that time, insurance companies generally did not offer coverage for flood disasters because of the high risks involved. The legislation as amended in 1973 and 1994 authorizes the Federal Insurance Administration (FIA) and Mitigation Directorate to administer the NFIP as part of FEMA.

#### HUD PROPOSED BUDGET FOR FISCAL YEAR 2003

On February 13, 2002, the Subcommittee held a hearing on the proposed budget of the Department of Housing and Urban Development for fiscal year 2003 where the Honorable Mel Martinez, Secretary of Housing and Urban Development, was the only witness. The Administration proposed a total HUD budget of \$31.497 billion, which is a \$2.1 billion increase from the enacted FY 2002 budget, representing close to a seven percent increase from \$29.471 billion. This increase would account for several new initiatives to expand home ownership, increase rental vouchers for non-elderly disabled, provide flexible financing for public housing modernization, redirect community development resources to the Colonias as well as make housing counseling a separate program for coordination and targeting.

#### REVIEW OF THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

On March 14, 2002, the Subcommittee held a hearing entitled "Review of the Community Development Block Grant Program". The Community Development Block Grant (CDBG) program is the largest source of Federal community development assistance to State and local governments. Communities may undertake eligible

housing, community development, economic development, and public services activities. Funded activities must principally benefit low-and moderate-income persons, or eliminate or prevent slums and blight, or address a need that poses a threat to the health or safety of a community. Several witnesses provided testimony regarding proposals for improving the program. Specifically, witnesses addressed H.R. 1191, introduced by Ms. Meeks, which aims to restore the original intent of the CDBG program, to “principally” benefit lower income people.

#### REVIEW OF EMPOWERMENT ZONES AND RENEWAL COMMUNITIES

On April 10, 2002, the Subcommittee held a hearing entitled “Review of the Empowerment Zone/Enterprise Community program”. The hearing examined the EZ/EC program generally and focused on the discrepancy in funding between the Round I, II, and III zones. Witnesses addressed the progress of EZs in their respective States. Hearing testimony also addressed H.R. 2637, the Round II EZ/EC Flexibility Act of 2001, which authorizes appropriations to the Secretaries of Housing and Urban Development and Agriculture for specified urban and rural empowerment zones and permits the use of those funds for zone or community strategic plan implementation. The legislation also provided for the use of Federal funds to pay matching fund requirements and prevents an empowerment zone or enterprise community from losing Federal funding because of reclassification as a renewal community.

#### LEAKING UNDERGROUND STORAGE TANKS AND ITS AFFECT ON HOUSING & NEIGHBORHOODS

On Thursday, September 12, 2002, the Subcommittee on Housing and Community Opportunity held a hearing entitled “The Erosion of Communities and Home Values by Leaking Underground Storage Tanks”. To address a nationwide problem of leaking underground storage tanks (LUSTs), Congress established a prevention, detection, and corrective action program in 1984. In 1986, Congress subsequently created the Leaking Underground Storage Tank Trust Fund to help the Environmental Protection Agency (EPA) and states cover the costs of responding to petroleum LUSTs where owners fail to do so, and to oversee LUST cleanup activities. Witnesses testified about the public health and economic problems associated with leaking underground storage tanks and initiatives being undertaken to deal with them on the local, State and national levels. The witnesses also highlighted the impact that LUSTs have in the areas of environmental remediation, community and economic development, and safe housing.

#### NON-PROFIT CAPACITY BUILDING AND TECHNICAL ASSISTANCE

On Tuesday, September 17, 2002, the Subcommittee held a hearing on technical assistance and capacity building programs to promote housing and economic development. Over the past fifteen years, the nation’s 3,600 community-based development corporations (CDCs) have built 550,000 homes and apartments, produced 71 million square feet of commercial and industrial space, loaned \$1.9 billion to 59,000 businesses, and created 247,000 private sec-



tor jobs. “Technical assistance” is any measure designed to build the capacity of a CDC to carry out initiatives in its community. Witnesses testified about local needs and on the need to ensure that community development groups are able to secure the resources needed to continue the important work of revitalizing communities.

#### MOLD: A GROWING PROBLEM

On Thursday, July 18, 2002, the Subcommittees on Housing and Community Opportunity and on Oversight and Investigations held a joint hearing to examine the extent of problems in the insurance and housing industry over mold. Mold-related claims by homeowners rose to over a billion dollars last year in just one State, approximately a five-fold increase over the previous year’s nationwide total. Across the U.S., homeowners’ insurers paid out \$1.18 in losses and expenses for every \$1 earned in premiums. Members of the scientific community testified on the current understanding of mold issues, and discussed the literature review by the Centers for Disease Control (CDC) now underway and due out this spring. Other witnesses discussed the sudden spike in mold litigation and remediation claims, and how these lawsuits are affecting the home building industry, unions, small businesses, and the insurance industry. In particular, the witnesses talked about the lack of scientific standards for measuring mold and determining the extent of any mold dangers, and the need for better guidance or proactive statements by Federal agencies.

#### HEARINGS HELD

*Financial Health of the Federal Housing Administration’s Single-Family Mutual Mortgage Insurance Fund.*—Hearing entitled “Financial Health of the Federal Housing Administration’s Single-Family Mutual Mortgage Insurance Fund.” March 20, 2001. PRINTED, serial no. 107-6.

*Proposed Budget of the Department of Housing and Urban Development for Fiscal Year 2002.*—Hearing on the proposed budget of the Department of Housing and Urban Development for fiscal year 2002. April 26, 2001. PRINTED, serial no. 107-11.

*Housing Affordability Issues.*—Hearing on housing affordability issues. May 3, 22, June 21, and July 17, 2001. PRINTED, serial no. 107-14.

*The National Flood Insurance Program and Repetitive Loss Properties.*—Hearing on the National Flood Insurance Program and repetitive loss properties. July 19, 2001. PRINTED, serial no. 107-36.

*Proposed Budget of the Department of Housing and Urban Development for Fiscal Year 2003.*—Hearing on the proposed budget of the Department of Housing and Urban Development for fiscal year 2003. February 13, 2002. PRINTED, serial no. 107-54.

*Brownfields Redevelopment Enhancement Act.*—Legislative hearing on H.R. 2941, the Brownfields Redevelopment Enhancement Act. March 6, 2002. PRINTED, serial no. 107-59.

*Review of the Community Development Block Grant Program.*—Hearing entitled “Review of the Community Development Block Grant Program.” March 14, 2002. PRINTED, serial no. 107-61.

*Housing Affordability for America Act.*—Legislative hearing on H.R. 3995, the Housing Affordability for America Act of 2002. April 10, 23, and 24, 2002. PRINTED, serial no. 107-64.

*Review of the Current Status of Empowerment Zones and Renewal Communities.*—Hearing entitled “Review of the Current Status of Empowerment Zones and Renewal Communities.” April 10, 2002. PRINTED, serial no. 107-65.

*Fighting Discrimination against the Disabled and Minorities through Fair Housing Enforcement.*—Joint hearing with the Subcommittee on Oversight and Investigations entitled “Fighting Discrimination against the Disabled and Minorities through Fair Housing Enforcement.” June 25, 2002. PRINTED, serial no. 107-73.

*Mold: A Growing Problem.*—Joint hearing with the Subcommittee on Oversight and Investigations entitled “Mold: A Growing Problem.” July 18, 2002. PRINTED, serial no. 107-77.

*Erosion of Communities and Home Values by Leaking Underground Storage Tanks.*—Hearing entitled “Erosion of Communities and Home Values by Leaking Underground Storage Tanks.” September 12, 2002. Serial no. 107-81.

*Technical Assistance and Capacity Building Programs to Promote Housing and Economic Development*—Hearing on technical assistance and capacity building programs to promote housing and economic development. September 17, 2002. Serial no. 107-82.

## SUBCOMMITTEE ON INTERNATIONAL MONETARY POLICY AND TRADE

(Ratio: 14-12)

DOUG BEREUTER, Nebraska, *Chairman*

DOUG OSE, California

*Vice Chairman*

MARGE ROUKEMA, New Jersey

RICHARD H. BAKER, Louisiana

MICHAEL N. CASTLE, Delaware

JIM RYUN, Kansas

DONALD A. MANZULLO, Illinois

JUDY BIGGERT, Illinois

MARK GREEN, Wisconsin

PATRICK J. TOOMEY, Pennsylvania

CHRISTOPHER SHAYS, Connecticut

GARY G. MILLER, California

SHELLEY MOORE CAPITO, West Virginia

MIKE FERGUSON, New Jersey

MICHAEL G. OXLEY, Ohio

*Ex Officio*

BERNARD SANDERS, Vermont\*

MAXINE WATERS, California

BARNEY FRANK, Massachusetts

MELVIN L. WATT, North Carolina

JULIA CARSON, Indiana

BARBARA LEE, California

PAUL E. KANJORSKI, Pennsylvania

BRAD SHERMAN, California

JANICE D. SCHAKOWSKY, Illinois

CAROLYN B. MALONEY, New York

LUIS V. GUTIERREZ, Illinois

KEN BENTSEN, Texas

JOHN J. LAFALCE, New York

*Ex Officio*

### LEGISLATIVE ACTIVITIES

#### EXPORT-IMPORT BANK REAUTHORIZATION ACT

Public Law 107-189 (H.R. 2871; S. 1372)

To reauthorize the Export-Import Bank of the United States, and for other purposes.

#### *Summary*

The Export-Import Bank Reauthorization Act of 2002 extends the charter of the U.S. Export-Import Bank for 4 years and creates offices on Small Business Exporters and on Africa within the Bank. The legislation also improves the operation of the Tied Aid Credit Program, increases the value of transactions that the Bank can hold in its portfolio at any time, and raises the percentage of small business transactions the Bank must pursue. This measure further mandates that the Bank take into consideration U.S. trade laws, corrupt practices of a recipient company and a country's efforts to combat terrorism when considering a transaction.

#### *Legislative History*

H.R. 2871 was introduced in the House by Mr. Bereuter on September 10, 2001 and referred to the Committee on Financial Services. The bill was referred to the Subcommittee on International Monetary Policy and Trade on September 14, 2002.

On September 21, 2001, the Subcommittee on International Monetary Policy and Trade met in open session and approved H.R.

\*Mr. Sanders is an independent, but caucuses with the Democratic Caucus.

2871, as amended, for full Committee consideration by a voice vote. On October 31, 2001, the Committee met in open session and ordered H.R. 2871 reported to the House with a favorable recommendation, with an amendment, by a voice vote. The Committee on Financial Services reported H.R. 2871 to the House on November 15, 2001 (H. Rept. 107-292).

On August 3, 2001, the Senate Committee on Banking, Housing, and Urban Affairs reported an original measure, S. 1372, the Export-Import Bank Reauthorization Act of 2001, to the Senate (S. Rept. 107-52). On March 14, 2002, the Senate laid S. 1372 before the Senate and passed the bill with an amendment by unanimous consent. The bill was received in the House on March 18, 2002 and held at the desk.

On April 30, 2002, the Committee on Rules reported a modified-closed rule providing for the consideration of H.R. 2871 (H.Res. 402). On May 1, 2002, H. Res. 402 was agreed to by a voice vote. The House considered and passed H.R. 2871 by a voice vote. Pursuant to the provisions of H.Res. 402, H.R. 2871 was laid upon the table, and the House amended S. 1372 with the text of H.R. 2871 and requested a conference. The Speaker appointed conferees from the Committee on Financial Services, and from the Committee on Government Reform for consideration of section 7 of the Senate bill and modifications committed to conference.

On May 9, the Senate disagreed from the House amendment, agreed to the conference requested by the House, and appointed conferees. On May 21, the conference met (the Senate chairing), and agreed to the conference report to accompany S. 1372. On May 24, 2002, the conference report to accompany S.1372 was filed in the House (H. Rept. 107-487).

On June 4, 2002, the Committee on Rules reported a rule providing for the consideration of the conference report to accompany S. 1372 (H. Res. 433). On June 5, 2002, the House considered and passed H. Res. 433 by a voice vote. On June 5, 2002, the House agreed to the conference report to accompany S. 1372, by a record vote of 344 yeas and 78 nays.

On June 6, 2002, the Senate approved the conference report to accompany S.1372 by unanimous consent, clearing the bill for the White House. The bill was presented to the President on June 11, 2002, and signed into law on June 14, 2002, becoming public law number 107-189.

#### EXPORT-IMPORT BANK EXTENSION

Public Law 107-156 (H.R. 3987; S. 2019)

To extend the authority of the Export-Import Bank through April 30, 2002.

#### *Summary*

The bill extended the authority of the Export-Import Bank through April 30, 2002.

#### *Legislative History*

H.R. 3987 was introduced on March 18, 2002, by Mr. Bereuter and referred to the Committee on Financial Services. The bill was

referred to the Subcommittee on International Monetary Policy and Trade on April 15, 2002.

The Senate's companion legislation, S. 2019, was introduced by Mr. Sarbanes on March 14, 2002 and passed by unanimous consent.

On March 18, 2002, the bill was received in the House and referred to the Committee on Financial Services. On March 19, 2002, S. 2019 was considered under suspension of the rules and passed by a voice vote, clearing the bill for the White House. On March 20, 2002, the bill was presented to the President and signed into law on March 31, 2002, becoming public law 107-156.

#### ZIMBABWE DEMOCRACY AND ECONOMIC RECOVERY ACT

#### Public Law 107-99 (S. 494)

To provide for a transition to democracy and to promote economic recovery in Zimbabwe.

#### *Summary*

S. 494, the Zimbabwe Democracy and Economic Recovery Act of 2001, establishes that it is U.S. policy to support the people of Zimbabwe in their current struggles to effect peaceful, democratic change and achieve economic growth. It supports those goals by requiring the Secretary of the Treasury to review the feasibility of bilateral debt relief upon Presidential certification that certain conditions relating to democratic elections and the rule of law have been fulfilled. It expresses the sense of the Congress that if such a certification is made, the U.S. should propose a review of the feasibility of multilateral debt relief. Until such time as a Presidential certification is made, it instructs U.S. executive directors to the relevant international financial institutions to oppose financial assistance to Zimbabwe, except for basic human needs. The bill also authorizes bilateral assistance for land reform and democratic governance and expresses the sense of Congress that the President should consult with foreign governments on possible action against individuals responsible for the breakdown of the rule of law in Zimbabwe and the identification of overseas assets of those individuals.

#### *Legislative History*

S. 494 was introduced by Senator Frist on March 8, 2001. On July 12, 2001, the bill, as amended by a substitute, was ordered reported by the Committee on Foreign Relations without a written report. The legislation passed the Senate by unanimous consent on August 1, 2001.

S. 494, as amended, was received in the House on August 2, 2001, at which time it was referred to the Committee on Financial Services, and additionally to the Committee on International Relations.

On August 24, 2001, the bill was referred to the House Financial Services Committee's Subcommittee on International Monetary Policy and Trade.

On November 28, 2001, the House Committee on International Relations met in open session and ordered S. 494, as amended, re-

ported. During the markup, amendments were adopted that addressed those portions of the bill which fell within the jurisdiction of the Committee on Financial Services and were acceptable to the Committee on Financial Services. The bill, as amended, was reported on December 4, 2001 (H. Rept. 107-312, Part I).

On December 4, the Committee on Financial Services was discharged from the further consideration of S. 494 pursuant to an exchange of correspondence between the Committees.

On December 4, 2001, the bill was considered under suspension of the rules. On December 5, the House passed S. 494 by a record vote of 396 yeas and 11 nays.

On December 5, the bill was received in the Senate and on December 11, the Senate agreed to the House amendment, clearing the bill for the White House. S. 494 was presented to the President on December 14 and the bill was signed into law by the President, becoming public law 107-99.

#### SUDAN PEACE ACT

Public Law 107-245 (H.R. 5531; H.R. 931; H.R. 2052; S. 180)

To facilitate famine relief efforts and a comprehensive solution to the war in Sudan.

#### *Summary*

The Sudan Peace Act states that Congress condemns violations of human rights on all sides of the conflict in Sudan (including actions by the Sudanese Government) and recognizes the need for continued leadership by the United States in that country. The bill authorizes the President to provide increased assistance to the areas of Sudan that are not controlled by the Government of Sudan to prepare the population for peace and democratic governance. To this end, appropriations are authorized for each of the fiscal years 2003, 2004, and 2005. The bill also expresses the sense of the Congress that the United Nations should help facilitate peace and recovery in Sudan and mandates annual reports by the Secretary of State on oil exploitation by the Government of Sudan as well as the status of humanitarian relief in Sudan.

#### *Legislative History*

H.R. 931, the Sudan Peace Act, was introduced in the House on March 7, 2001, by Mr. Tancredo and 23 original cosponsors and referred to the Committee on International Relations. On May 16, 2001, the Subcommittee on Africa met in open session and approved H.R. 931 for full Committee consideration, as amended, by a voice vote.

H.R. 2052, legislation similar to H.R. 931 as amended, was introduced in the House on June 5, 2001 by Mr. Tancredo and 21 original cosponsors and referred to the Committee on International Relations, and additionally to the Committee on Financial Services.

On June 6, 2001, the Committee on International Relations met in open session and ordered H.R. 2052 reported to the House by a voice vote. The Committee on International Relations reported the bill to the House on June 8, 2001 (H. Rept. 107-92, Part I) and the Committee on Financial Services was discharged from the further

consideration of the bill pursuant to an exchange of correspondence between the committees of jurisdiction.

On June 12, 2001, the Committee on Rules reported an open rule providing for the consideration of H.R. 2052 (H. Res. 162). On June 13, 2001, H. Res. 162 passed the House by a voice vote. The House considered H.R. 2052 and passed the bill by a record vote of 422 yeas and 2 nays on June 13, 2001.

The bill was received in the Senate on June 14, 2001 and referred to the Committee on Foreign Relations on June 21, 2001.

S. 180, the Sudan Peace Act, was introduced in the Senate on January 25, 2001 and referred to the Senate Committee on Foreign Relations. On July 12, the Senate Committee on Foreign Relations met in open session and ordered the bill reported favorably with an amendment. S. 180 was reported to the Senate without written report on July 16, 2001. On July 19, 2001, the Senate passed the bill with an amendment by unanimous consent.

On July 20, 2001, S. 180 was received in the House and referred to the House Committee on International Relations. On November 15, 2001, the Committee on International Relations was discharged from the further consideration of the bill, and the House passed S. 180 with an amendment consisting of the text of H.R. 2052 as passed by the House by unanimous consent. The House insisted on its amendment, and requested a conference with the Senate on S. 180 by unanimous consent. The Speaker appointed conferees from the Committee on International Relations, and from the Committee on Financial Services for consideration of sections 8 and 9 of the House amendment.

H.R. 5531 was introduced in the House on October 2, 2002 by Mr. Tancredo and four original cosponsors. The bill was referred to the Committee on International Relations and to the Committee on Financial Services.

On October 7, 2002, the House considered the bill under suspension of the rules and passed H.R. 5531 by a record vote of 359 yeas and 8 nays. The bill was received in the Senate on October 8, 2002.

On October 9, 2002, the bill was approved in the Senate without amendment by unanimous consent, clearing the bill for the White House. The bill was presented to the President on October 11, 2002 and signed into law on October 21, becoming public law 107-245.

GLOBAL ACCESS TO HIV/AIDS PREVENTION, AWARENESS, EDUCATION  
AND TREATMENT ACT OF 2001

(H.R. 2069; H.R. 2209; S. 2525)

To amend the Foreign Assistance Act of 1961 and the Global AIDS and Tuberculosis Relief Act of 2000 to authorize assistance to prevent, treat, and monitor HIV/AIDS in sub-Saharan Africa and other developing countries.

*Summary*

H.R. 2069, the Global Access to HIV/AIDS Prevention, Awareness, Education and Treatment Act of 2001, as passed by the House, authorizes bilateral and multilateral assistance to combat the HIV/AIDS pandemic in countries in sub-Saharan Africa and other developing countries, and reinforces U.S. policy input into the

negotiation of an international HIV/AIDS trust fund and the role of the World Bank as fiduciary for the fund.

H.R. 2209, the World Bank AIDS Trust Fund Amendments Act of 2001, amends the Global AIDS and Tuberculosis Relief Act of 2000 (Public Law 106-264) to increase the authorization for the AIDS trust fund, expand the focus of the fund to include malaria, as well as make clear that tuberculosis is also covered by the legislation. The bill also extends the deadline for a General Accounting Office (GAO) report on the effectiveness of the fund. The introduction of the bill followed Subcommittee hearings on May 15, 2001 and June 12, 2001, at which witnesses from the Treasury Department, UNAIDS, and the private sector testified regarding the development of an international HIV/AIDS trust fund.

#### *Legislative History*

H.R. 2069 was introduced by Mr. Hyde and referred to the Committee on International Relations. On June 27, 2001, the Committee on International Relations, meeting in open session, ordered H.R. 2069 reported, as amended. The bill was reported to the House on July 12, 2001 (H. Rept. 107-137).

On June 18, 2001, Mr. Bereuter introduced H.R. 2209, the World Bank AIDS Trust Fund Amendments Act of 2001. The bill was referred to the Committee on Financial Services on June 18, 2001, and on June 25, 2001 was referred to the Subcommittee on International Monetary Policy and Trade.

On December 11, 2001, H.R. 2069, with amendments, was considered under suspension of the rules. These amendments included section 4 of H.R. 2209 as well as additional references to the Global AIDS and Tuberculosis Relief Act (Public Law 106-264) and the role of the World Bank in the AIDS trust fund. H.R. 2069 was passed by voice vote on December 11, 2001.

Thereafter, the Senate passed similar legislation, S. 2525, the United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act of 2002, on July 12, 2002. Title III of the Senate bill expands the Highly Indebted Poor Country (HIPC) program by establishing an additional revenue-based criterion for debt relief. The House version of H.R. 2069 does not address multilateral debt relief.

The Senate amended H.R. 2069 with the text of S. 2525 as amended on July 12, 2002. The bill was received in the House on July 15, 2002. No further action was taken on this measure in the 107th Congress.

#### REGIONAL MULTILATERAL DEVELOPMENT BANK AUTHORIZATIONS

##### (H.R. 2604)

To authorize the United States to participate in and contribute to the seventh replenishment of the resources of the Asian Development Fund and the fifth replenishment of the resources of the International Fund for Agricultural Development, and to set forth additional policies of the United States towards the African Development Bank, the African Development Fund, the Asian Development Bank, the Inter-American Development Bank, and the European Bank for Reconstruction and Development.



### *Summary*

H.R. 2604 authorizes U.S. contributions of \$412 million to the Asian Development Fund (AsDF) and \$30 million to the International Fund for Agricultural Development (IFAD) for the replenishment of these two institutions. Additionally, this measure directs the U.S. Executive Directors of the regional multilateral development banks (Asian Development Bank/Fund; the African Development Bank/Fund; the Inter-American Development Bank; the European Bank for Reconstruction and Development); and IFAD to use their voice and votes to address issues relating to transparency, user fees, HIV/AIDS, projects that include dams, international terrorism, privatization of government-held industries, opposition to reducing minimum wages below internationally recognized poverty levels, and arsenic in drinking water in South Asia.

### *Legislative History*

H.R. 2604 was introduced by Mr. Bereuter and 6 original cosponsors on July 24, 2001, and was referred to the Committee on Financial Services. On August 8, 2001, the bill was referred to the Subcommittee on International Monetary Policy and Trade.

On September 21, 2001, the Subcommittee on International Monetary Policy and Trade met in open session and approved H.R. 2604 for full Committee consideration, as amended, by a voice vote. On October 31, 2001, the Committee met in open session and ordered H.R. 2604 reported to the House with a favorable recommendation, with an amendment, by a voice vote.

The Committee on Financial Services reported H.R. 2604 to the House on November 15, 2001 (H. Rept. 107-291). On May 1, 2002, the House considered H.R. 2604 under suspension of the rules and passed the bill by a voice vote. On May 2, 2002, H.R. 2604 was received in the Senate and referred to the Committee on Foreign Relations. No further action was taken on H.R. 2604 in the 107th Congress.

## OVERSIGHT ACTIVITIES

### STATE OF THE INTERNATIONAL FINANCIAL SYSTEM AND IMF REFORM

On May 22, 2001 The Full Committee on Financial Services heard testimony from Treasury Secretary Paul O'Neill on the state of the international financial system and International Monetary Fund (IMF) reform. This hearing is required to occur annually by the FY 1999 Foreign Operations Appropriations legislation, which also granted an \$18 billion increase in U.S. contributions to the IMF. Secretary O'Neill highlighted the need to carefully review the operations of the IMF and the multilateral development banks (MDBs). Specifically, Secretary O'Neill called for increased transparency in these institutions, clear and essential goals for the MDBs, a movement from loans to grants and a focus on results-based performance indicators.

On February 28, 2002, the Full Committee on Financial Services held the second hearing of the 107th Congress on the state of the international financial system and IMF reform. The Committee again heard testimony from Secretary of the Treasury Paul O'Neill

in which he called for the need to strengthen international cooperation to achieve economic growth and stability. Additionally, Secretary O'Neill outlined efforts to combat the financing of terrorist activities and to promote global free trade. Specifically, Secretary O'Neill discussed in detail the Administration's proposal to shift some of the financial aid provided by the World Bank from loans to grants.

#### WORLD BANK AND IMF ACTIVITIES IN AFRICA

On May 15, 2001, the Subcommittee on International Monetary Policy and Trade held an oversight hearing on the activities of the World Bank and the International Monetary Fund (IMF) in Africa. At the hearing witnesses from the General Accounting Office, a representative from the Carnegie Endowment for Peace, the Joint United Nations Program on HIV/AIDS, the staff for the World Health Organization's Commission on Macroeconomics and Health, and a representative of a non-governmental organization provided testimony on the activities of the World Bank and the IMF in Africa. Concerns were raised relating to the HIV/AIDS pandemic and user fees attached to loans from the World Bank and the IMF.

#### TRADE IN FINANCIAL SERVICES

On June 26, 2001, the Subcommittee on International Monetary Policy and Trade conducted a hearing on current issues and future developments in trade in financial services. Witnesses on behalf of the American Insurance Association, the Bankers' Association for Trade and Finance, the Securities Industry Association, and the Center for Economic and Policy Research testified on the current state of trade in financial services and the outlook for expansion of this trade. Specifically, several members of the panel called for passage of Trade Promotion Authority, which many of the witnesses testified would strengthen the ability of U.S. negotiators to gain access to foreign markets for financial services.

#### ARGENTINA'S ECONOMIC MELTDOWN

On February 6, 2002, the Subcommittee on International Monetary Policy and Trade held a hearing on the economic crisis facing Argentina. Undersecretary of the Treasury John Taylor testified, and outlined the economic dilemmas facing Argentina and the U.S. policy relating to this issue. Undersecretary Taylor stated that the Administration would not support additional funds for Argentina from the IMF until Argentina implements significant economic and institutional changes.

On March 5, 2002, the Subcommittee held a second hearing on the economic crisis in Argentina. Witnesses on behalf of Carnegie Mellon University, Johns Hopkins University, the Institute for International Economics, and the Center for Economic Policy and Research testified before the Subcommittee, and outlined the causes and their proposed solutions to the dilemmas facing Argentina. Several witnesses called for a continued halt in financial aid until economic reforms are undertaken.

## CHANGES TO THE INTERNATIONAL DEVELOPMENT ASSOCIATION

The Subcommittee on International Monetary Policy and Trade held three hearings on issues related to the International Development Association (IDA). On May 2, 2002, the Subcommittee received testimony from the Director of International Affairs and Trade at the General Accounting Office (GAO). At this hearing, the GAO outlined proposals to move from loans to developing countries to grants to qualified countries.

On July 19, 2002, the Subcommittee received testimony from representatives of the Bretton Woods Committee, Bread for the World, OXFAM America and the AFL-CIO on proposed changes to the IDA. Witnesses voiced support for a movement from loans to grants and called for additional debt relief through the HIPC Trust Fund.

On July 25, 2002, the Subcommittee received testimony from Undersecretary of the Treasury John Taylor on the Administration's authorization request for the IDA. Additionally, the Undersecretary discussed the authorization of the African Development Fund.

## THE EUROPEAN UNION'S FINANCIAL SERVICES ACTION PLAN AND IMPLICATIONS FOR THE AMERICAN FINANCIAL SERVICES INDUSTRY

On May 22, 2002, the Full Committee on Financial Services conducted a hearing on The European Union's Financial Services Action Plan (FSAP) and implications for the American financial services industry. In an effort to become the most competitive and dynamic knowledge-based economy in the world by 2010, the EU has embarked upon an ambitious plan to overhaul its financial services sector. Witnesses on behalf of the Federal Reserve Board, Treasury, the Securities and Exchange Commission, the Securities Industry Association and academia testified on the FSAP and its short- and long-term effects. According to many of the witnesses, the EU's actions will generally have positive benefits for American financial services firms, and the U.S. government agencies represented at the hearing are working closely with their European counterparts. The Committee will continue to follow the FSAP as its provisions are implemented in the coming years.

## NORTH AMERICAN DEVELOPMENT BANK

The Subcommittee on International Monetary Policy and Trade conducted two hearings which addressed the North American Development Bank (NADBank). On May 2, 2002, the Subcommittee conducted a hearing where private sector witnesses testified on the need to reform the NADBank. At this hearing, the Subcommittee heard testimony from the following witnesses: a mayor and city manager of two communities along the Texas/Mexico border; the former chief executive officer of the NADBank; and a mortgage banker who uses the NADBank. Furthermore, on July 25, Undersecretary John Taylor of the Department of Treasury testified, among other things, on the Administration's request to reform the NADBank.

## HEARINGS HELD

*Reauthorization of the Export-Import Bank*—Hearing on the activities of the Export-Import Bank and its reauthorization. Hearing held on May 2 and 8, 2001. PRINTED, serial number 107-13.

*U.S. Policy Towards the African Development Bank and the African Development Fund*—Hearing examining U.S. policy in the African Development Bank and Fund. Hearing held on April 25, 2001. PRINTED, serial number 107-10.

*World Bank and IMF Activities in Africa*—Oversight hearing on the activities of the World Bank and the IMF in Africa. Hearing held on June 15, 2001. PRINTED, serial number 107-15.

*FY 2002 Authorization Requests for International Financial Institutions, and Activities of the African Development Bank, the World Bank, and the IMF in Africa*—Hearing on the Administration's FY 2002 authorization requests. PRINTED, serial Number 107-23.

*Trade in Financial Services—Current Issues and Future Developments*—Hearing on U.S. trade in financial services. Hearing held on June 26, 2001. PRINTED, serial Number 107-30.

*Argentina's Economic Meltdown: Causes and Remedies*—Two hearings on the economic crisis facing Argentina featuring witnesses from the Treasury Department and private sector economists. February 6 and March 5, 2002. PRINTED, serial Number 107-52.

*Proposed Changes to Both the World Bank—International Development Association and the North American Development Bank*—Hearing on Administration requests for the World Bank and North American Development Bank. PRINTED, serial Number 107-68.

*Expected Authorization Request on the U.S. Participation in the World Bank—International Development Association (IDA)*—Hearing on the expected authorization requests for the IDA featuring witnesses from nongovernmental organizations. Hearing held on July 19, 2002.

*Expected Authorization Request on the U.S. Participation in the World Bank—International Development Association (IDA) and the African Development Fund*—Hearing on authorization requests featuring John Taylor, Undersecretary of the Treasury. Hearing held on July 25, 2002.

## SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

(Ratio: 11-9)

SUE KELLY, New York, *Chair*

RON PAUL, Texas  
*Vice Chairman*

PETER T. KING, New York  
ROBERT W. NEY, Ohio  
CHRISTOPHER COX, California  
DAVE WELDON, Florida  
WALTER B. JONES, North Carolina  
JOHN B. SHADEGG, Arizona  
VITO FOSSELLA, New York  
ERIC CANTOR, Virginia  
PATRICK J. TIBERI, Ohio  
MICHAEL G. OXLEY, OH  
*Ex Officio*

LUIS V. GUTIERREZ, Illinois  
JAY INSLEE, Washington  
JANICE D. SCHAKOWSKY, Illinois  
DENNIS MOORE, Kansas  
STEPHANIE TUBBS JONES, Ohio  
MICHAEL E. CAPUANO, Massachusetts  
RONNIE SHOWS, Mississippi  
JOSEPH CROWLEY, New York  
WILLIAM LACY CLAY, Missouri  
JOHN J. LAFALCE, New York  
*Ex Officio*

### OVERSIGHT ACTIVITIES

#### EFFORTS BY FINANCIAL REGULATORS TO FIGHT FRAUD AND PROTECT CONSUMERS

On March 6, 2001, the Subcommittee on Oversight and Investigations and the Subcommittee on Financial Institutions and Consumer Credit held a joint hearing to examine ways in which financial regulators of the insurance, banking, and securities sectors are working together to protect consumers, as is required under the Gramm-Leach-Bliley Act. The need to do so was highlighted by Martin Frankel, who migrated to the insurance industry after being barred from the securities industry. Frankel stole over \$200 million from insurance companies before being captured. Witnesses included senior officials of the Treasury Department, FBI, SEC, insurance and business associations, and the General Accounting Office.

#### HOUSING AUTHORITY OF NEW ORLEANS

On June 4, 2001, the Subcommittee held a field hearing in New Orleans on the report issued by the HUD Inspector General on the lack of decent, safe, and sanitary housing provided by the Housing Authority of New Orleans (HANO). The report disclosed a lack of progress in providing quality housing since HUD and the City of New Orleans signed a 1996 Cooperative Endeavor Agreement. The report stated that after spending over \$139 million of the \$243 million it received just for modernization activities in the previous eight years, HANO had not revitalized even one of its conventional housing sites. HUD had spent, in total, over \$800 million on HANO since 1992, without an improvement in housing for residents. The hearing also examined ways in which a judicial receivership could result in long-term improvements to the housing managed by

HANO. Witnesses included the Mayor of New Orleans, the Regional Inspector General from HUD, a senior HUD official, and long-time residents of HANO. Committee and other New Orleans-area Members continued to discuss HANO's future with the HUD Secretary throughout the year.

#### IMPLEMENTATION OF EFT REQUIREMENTS OF THE DEBT COLLECTION IMPROVEMENT ACT OF 1996 AND THE USE OF ETAS

On June 20, 2001, the Subcommittee held a hearing to examine the status of the Electronic Funds Transfer requirements of the Debt Collection Improvement Act of 1996, known as the EFT 99 program, and to discuss the use Electronic Transfer Accounts, or ETAs. The purpose of the hearing was to determine the progress made towards a checkless system for paying Federal salaries, pensions, vendor payments, and Social Security benefits, whether the change has reduced costs, and whether low- and middle-income Federal payment recipients who do not have bank accounts are receiving their funds electronically through ETAs. Witnesses included the Treasury Department Assistant Secretary with responsibility over the program, the CEO of Banco Popular, which is heavily involved in the ETA program, and the Managing Attorney of the National Consumer Law Center. At the hearing, Chairwoman of the Subcommittee and its ranking minority member released a letter to GAO requesting a study of the EFT and ETA programs and recommendations for improvements.

#### THE SEC'S ROLE IN CAPITAL FORMATION

On June 26, 2001, the Subcommittee held a hearing to examine the SEC's role in capital formation. Capital formation has been an implicit responsibility of the SEC since it was first created. In 1996, securities laws were amended by the National Securities Markets Improvement Act to explicitly provide that capital formation is an important responsibility of the SEC. In that act, the SEC was given general exemptive authority to allow them to waive specific requirements on a case-by-case basis, in order to give the SEC additional flexibility in assisting businesses access to the capital markets. The hearing reviewed the progress the SEC has made in furtherance of its statutory responsibilities to assist capital formation and explored suggestions as to how the SEC's could make greater progress. Witnesses included representatives of venture capital firms and the Vice Chairman of the American Conservative Union.

#### FINANCIAL ASPECTS OF INTERNET GAMBLING

On July 12, 2001, the Subcommittee held a hearing to examine whether to take legislative action against internet gambling. In a few short years, the Internet gambling industry has exploded. According to an Internet gambling committee of the National Association of Attorneys General, there were less than 25 such sites on the Web in the mid-1990s. Today, one of the Nation's leading securities firms estimates that there are between 1,200 and 1,400 e-gaming Web sites. In 2000, the House Banking Committee approved legislation that would have tackled prohibited gambling operations from

accepting credit cards, checks, or other bank instruments in connection with illegal Internet gambling. The 106th Congress adjourned without enacting that or any other legislation. The hearing examined the changes in the industry since the previous Congress and the possible impacts of legislation. Witnesses included officials from gaming associations, law enforcement agencies, State lotteries, the NCAA, and addiction treatment organizations.

#### OVER-REGULATION OF AUTOMOBILE INSURANCE

On August 1, 2001, the Subcommittee held a hearing on the effects of State over-regulation of auto insurance on consumer choice. In New Jersey, over one-half of the 15 largest auto insurers in the country have either left or will leave in the near future, claiming excessive rate regulation as the reason. Over one million people in New Jersey will lose their automobile insurance, with a dwindling supply of alternative companies willing to do business in the State. In Massachusetts, two-thirds of those same 15 largest insurers either write little or no business or refuse to do business at all in the State, for the same reason as in New Jersey. Conversely, in Illinois and South Carolina, there are numerous auto insurance companies providing consumers with real choices at competitive prices without subsidizing risky drivers with bad records. In South Carolina, the number of insurers accessible to consumers has doubled since the State eliminated artificial price controls. Witnesses included representatives from three major insurance associations, a Vice President of the Brookings Institution, and the Director of Insurance from the Consumer Federation of America.

#### PROBLEMS IN THE HUD SECTION 203(K) HOUSING PROGRAM

On September 10, 2001, the Subcommittee held a field hearing in Harlem, New York, on the fraud and severe management problems in the Section 203(k) housing program, under which HUD guarantees loans made to purchase and renovate single-family housing. Reports by the GAO and HUD OIG, and news organizations disclosed massive fraud in Harlem, Brooklyn, and the Bronx by speculators who took advantage of poor HUD oversight to bilk HUD and individual homebuyers out of tens of millions of dollars from 1995-2000. The HUD OIG has obtained convictions against several dozen people involved in the schemes. The hearing examined the extent of the fraud and the impacts on individual homebuyers and community development. Witnesses included the HUD Assistant Secretary with responsibility for the program, senior officials from GAO and the HUD OIG, local development leaders, the Commissioner of the New York City housing authority, and victims. The HUD Assistant Secretary announced HUD's intention to work with the New York City housing authority towards a solution to the problems. Late in December, 2001, HUD Secretary Martinez and New York City Mayor Giuliani announced a program under which HUD would contribute significantly to the completion of work on hundreds of units.

## IDENTITY THEFT OF THE DECEASED

On November 8, 2001, the Subcommittee held a joint hearing with the Subcommittee on Social Security of the Committee on Ways and Means on preventing identity theft of the deceased by terrorists and criminals. The purpose of the hearing was to seek ways to ensure that the Death Master File (DMF) is transmitted more quickly from the Social Security Administration to the financial services industry, in order to protect families of the deceased from theft and financial fraud. The issue arose when a man detained in Great Britain, and suspected of training four of the terrorists who hijacked the airliners on September 11, was found to have used the Social Security number of a New Jersey woman who died in 1991. Witnesses included senior officials from the Social Security Administration and Commerce Department, GAO analysts who testified on the transmission and use of the DMF, attorneys representing the financial services industry, a special counsel with expertise in identity theft, and privacy advocates.

The Chairwoman of the Subcommittee, Ms. Kelly, secured the commitments of the parties towards a more rapid distribution of the DMF. Thereafter, the Social Security Administration and Commerce Department announced that beginning in February 2002, they would jointly reduce the amount of time needed to release the DMF from over 35 days to approximately 10 days.

IMPACTS OF ENRON COLLAPSE ON INVESTORS AND FINANCIAL  
MARKETS

On December 12, 2001, the Subcommittee held a joint hearing with the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises on the impacts of the collapse of Enron, Inc., the biggest bankruptcy in American history. The hearing examined the causes of the collapse as known at that time, including the use of special purpose entities and other accounting techniques by Enron that were reviewed and ratified by Arthur Andersen, Enron's auditor. The hearing also touched upon the SEC's oversight of the financial statements certified by accountants; the accounting rules that permitted Enron to not report billions of dollars in debt; and the actions of securities analysts following Enron, who failed to warn investors of its weakness. Witnesses included the Chief Accountant of the SEC, the Chief Executive Officer of Arthur Andersen, the Secretary-Treasurer of the AFL-CIO, and an expert on securities analysts.

THE PATRIOT ACT OVERSIGHT: INVESTIGATING PATTERNS OF  
TERRORIST FINANCING

On February 12, 2002, the Subcommittee held a hearing to examine the initial progress under title III of the USA PATRIOT Act (Public Law 107-56), signed by President Bush on October 26, 2001. The Act provided new tools to law enforcement to identify the patterns of financing used by terrorists and hence stop them before any future acts could occur. The Act also contained a number of provisions that seek to combat underground "Hawala" networks, and the hearing examined the investigative efforts have brought us closer to closing illegal Hawalas. Witnesses from the Treasury and



Justice Department, the FBI, and private industry discussed the multilateral efforts to gather, disseminate, and use information about monetary flows in new ways to detect and prevent terrorism. Recent cases against suspected terrorist financiers were highlighted, and the witnesses discussed the balancing between investigatory requirements and the protection of civil liberties.

#### RETIREMENT PROTECTIONS: FIGHTING FRAUD IN THE SALE OF DEATH

On February 26, 2002, the Subcommittee held a hearing on the use and potential abuse of viatical settlements. Viatical settlements involve companies paying cash to purchase life insurance policies from terminally ill people at a fraction of the policy value and then reselling the policies to investors. The terminally ill individual gets immediate up-front cash, and the investors can get a significant return when the individual dies. Additional commissions go to the broker who negotiates the deal, the agent who finds the investors, the evaluators who review the individual's medical files, and the settlement company and escrow service. The hearing witnesses from the industry and State regulators talked about the importance of fighting viatical fraud and educating consumers about these investments, and in particular, the need to promote better consumer education for retirement planning by the elderly. The witnesses also discussed the critical need for coordination among Federal and State agencies, and the ongoing desirability of expanded coordination and access to criminal and disciplinary databases, such as through the Financial Services Antifraud Network Act of 2001.

#### HOW MUCH ARE AMERICANS AT RISK UNTIL CONGRESS PASSES TERRORISM INSURANCE PROTECTION?

On February 27, 2002, the Subcommittee held the first Congressional hearing to examine the implications of a lack of terrorism insurance. In the five months since September 11, the risk for terrorism-related losses had been shifted from reinsurers to primary insurers and then to the insured. Reinsurers and insurers had begun shedding their exposure to terrorism risk as insurance contracts came up for renewal, leaving policy holders increasingly exposed to losses from a terrorist attack. Numerous officials for the insurance and construction industries, the Treasury Department, State regulators, the GAO, and other interested parties testified or submitted statements for the record on the negative impacts that the lack of insurance was having on major construction projects and employment.

#### THE EFFECTS OF THE GLOBAL CROSSING BANKRUPTCY ON INVESTORS, MARKETS, AND EMPLOYEES

On March 21, 2002, the Subcommittee held the first Congressional hearing on the impacts and causes of the bankruptcy of Global Crossing, Ltd., then the fourth biggest bankruptcy in the history of the United States. The hearing examined the impacts and propriety of the accounting model for the recognition of income from trades, or "swaps," of high-speed fiber-optic telecom cable capacity. Each telecom company reports expected income from such

swaps, or “pro forma” results, differently, since such future earnings need not be reported for in accordance with generally accepted accounting principles. Witnesses included the Chief Executive Officer and the Chief Financial Officer of Global Crossing; senior executives from Qwest Communications International, WorldCom, Inc., and Cable & Wireless Global; a representative from the SEC; and two telecom analysts. After the hearing, the Committee continued to investigate the bankruptcy, the sale of the company to foreign interests, and the company’s ties to stock analysts and investment banking firms (see below). In August, Qwest officials clarified and corrected its testimony after investigations revealed discrepancies in its accounting for swaps, resulting in sizable restatements in earnings for prior periods.

ONE BROKER GONE BAD: PUNISHING THE CRIMINAL, MAKING VICTIMS  
WHOLE

On May 23, 2002, the Subcommittee held the first Congressional hearing to examine the activities of indicted former Cleveland stockbroker, Frank Gruttadauria. Gruttadauria was the manager of the Cleveland branch of Lehman Brothers, and at the time of the hearing was alleged to have stood accused of having defrauded his clients of as much as \$300 million over a 15-year period. The goals of the hearing were to determine the extent of the losses suffered by his clients, and whether control systems in the industry and the SEC failed to detect and thwart his activity. Committee reviews of SEC documents prior to the hearing revealed that the SEC missed 1993 evidence of “account-churning” that could have prevented years of fraud and millions of dollars in victim losses. The Speaker of the House introduced his constituent, who suffered major losses due to Gruttadauria’s activities. The SEC and witnesses from Lehman Brothers, SG Cowen and CO., the NYSE, the NASD, and NASAA pledged their cooperation in strengthening compliance departments and placing more emphasis on tougher enforcement. The hearings made it clear that appropriate efforts need to be undertaken by the SEC and the Self-Regulatory Agencies (SROs) to ensure improvements in information sharing and revisions in relevant rules, regulations and guidelines against nefarious activities by broker/dealers. The NYSE and NASD thereafter proposed new rules for the SEC’s approval. On November 14, 2002, Gruttadauria was sentenced to seven years in prison for his illegal acts.

FIGHTING DISCRIMINATION AGAINST THE DISABLED AND MINORITIES  
THROUGH FAIR HOUSING ENFORCEMENT

On June 25, 2002, the Subcommittees on Housing and Community Opportunity and on Oversight and Investigations held a joint hearing on the extent of discrimination against the disabled and minorities and HUD’s efforts to fight such discrimination. Past leadership at HUD failed to process fair housing cases in a timely manner. At the end of FY 2000, the percentage of fair housing cases remaining open past the statutory deadline of 100 days was over 80 percent. At the end of the first fiscal year of the Bush Administration, FY 2001, the aged-case inventory had been reduced to 37.1 percent, the first time since the passage of Fair Housing Act

Amendments of 1988 that HUD's aged-case backlog has dropped below 50 percent. Housing consultants and a senior HUD official testified about the past lack of attention to the caseload and current HUD leadership's efforts to reduce the caseload.

#### MOLD: A GROWING PROBLEM

On Thursday, July 18, 2002, the Subcommittees on Housing and Community Opportunity and on Oversight and Investigations held a joint hearing to examine the extent of problems in the insurance and housing industry over mold. Mold-related claims by homeowners rose to over a billion dollars last year in just one State, approximately a five-fold increase over the previous year's nationwide total. Across the U.S., homeowners' insurers paid out \$1.18 in losses and expenses for every \$1 earned in premiums. Members of the scientific community testified on the current understanding of mold issues, and discussed the literature review by the Centers for Disease Control (CDC) now underway and due out this spring. Other witnesses discussed the sudden spike in mold litigation and remediation claims, and how these lawsuits are affecting the home building industry, unions, small businesses, and the insurance industry. In particular, the witnesses talked about the lack of scientific standards for measuring mold and determining the extent of any mold dangers, and the need for better guidance or proactive statements by Federal agencies.

#### CATASTROPHIC BONDS: SPREADING RISK

On October 8, 2002, the Subcommittee held a hearing on the role of risk-linked securities—in particular, “cat” bonds—to facilitate greater capacity in traditional catastrophic insurance markets. The General Accounting Office presented a report, requested by the House Financial Services Committee, examining the role of these securities and current factors affecting their use. The report findings were categorized into four regulatory, accounting, tax, and investor areas: (1) regulatory—the regulatory accounting treatment of securitization, and how risk transfer from non-indemnity based coverage (securitization compensation based on the size of an event) can be adjusted to allow credit similar to traditional indemnity based reinsurance (compensation based on an insurer's losses); (2) accounting—the effect of a proposed capitalization requirement interpretation on SPRV's as put forward by FASB, and whether increasing the equity requirements in these vehicles would prohibitively increase the costs of securitization; (3) tax—allowing for “pass-through” tax treatment of these instruments at the SPRV level (whether there's a double taxation of the investment); and (4) investment—the difficulty of assessing and disclosing the risks of these instruments by fund managers and other institutional investors. The Subcommittee received additional testimony and from the National Association of Insurance Commissioners regarding their activities to facilitate and reduce regulatory barriers to the catastrophic financial market, as well as the bond market industry, a reinsurance company, and one of the largest bond placement companies in the United States.

## HEARINGS HELD

*Protecting Consumers: What Can Congress Do to Help Financial Regulators Coordinate Efforts to Fight Fraud.* Joint hearing with the Subcommittee on Financial Institutions and Consumer Credit entitled "Protecting Consumers: What Can Congress Do to Help Financial Regulators Coordinate Efforts to Fight Fraud." March 6, 2001. PRINTED, serial no. 107-2.

*Inspector General's Report on the Housing Authority of New Orleans.* Field hearing in New Orleans, Louisiana on the Inspector General's report on the Housing Authority of New Orleans. June 4, 2001. PRINTED, serial no. 107-21.

*Implementation of EFT Requirements.* Hearing on the implementation of EFT requirements. June 20, 2001. PRINTED, serial no. 107-27.

*The SEC's Role in Capital Formation: Help or Hinderance?* Hearing entitled "The SEC's Role in Capital Formation: Help or Hinderance?" June 26, 2001. PRINTED, serial no. 107-29.

*Financial Aspects of Internet Gaming: Good Gamble or Bad Bet?* Hearing entitled "Financial Aspects of Internet Gaming: Good Gamble or Bad Bet?" July 12, 2001. PRINTED, serial no. 107-34.

*Over-Regulation of Automobile Insurance: A Lack of Consumer Choice.* Hearing entitled "Over-Regulation of Automobile Insurance: A Lack of Consumer Choice." August 1, 2001. PRINTED, serial no. 107-42.

*Section 203(k) Housing Program.* Field hearing in New York, New York, on the section 203(k) housing program. September 10, 2001. PRINTED, serial no. 107-44.

*Preventing Identity Theft by Terrorists and Criminals.* Joint hearing with the Committee on Ways and Means Subcommittee on Social Security on preventing identity theft by terrorists and criminals. November 8, 2001. PRINTED, serial no. 107-50.

*The Enron Collapse: Impact on Investors and Financial Markets.* Joint hearing with the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises entitled "The Enron Collapse: Impact on Investors and Financial Markets." December 12, 2001. PRINTED, serial no. 107-51, Part I.

*PATRIOT Act Oversight: Investigating Patterns of Terrorist Financing.* Hearing entitled "PATRIOT Act Oversight: Investigating Patterns of Terrorist Financing." February 12, 2001. PRINTED, serial no. 107-53.

*Retirement Protection: Fighting Fraud in the Sale of Death.* Hearing entitled "Retirement Protection: Fighting Fraud in the Sale of Death." February 26, 2002. PRINTED, serial no. 107-55.

*How Much are Americans at Risk Until Congress Passes Terrorism Insurance Protection?* Hearing entitled "How Much are Americans at Risk Until Congress Passes Terrorism Insurance Protection?" February 27, 2002. PRINTED, serial no. 107-57.

*The Effects of the Global Crossing Bankruptcy on Investors, Markets, and Employees.* Hearing entitled "The Effects of the Global Crossing Bankruptcy on Investors, Markets, and Employees." March 21, 2001. PRINTED, serial no. 107-63.

*One Broker Gone Bad: Punishing the Criminal, Making Victims Whole.* Hearing entitled "One Broker Gone Bad: Punishing the

Criminal, Making Victims Whole.” May 23, 2001. PRINTED, serial no. 107-71.

*Fighting Discrimination Against the Disabled and Minorities through Fair Housing Enforcement.* Joint hearing with the Subcommittee on Housing and Community Opportunity entitled “Fighting Discrimination Against the Disabled and Minorities through Fair Housing Enforcement.” June 25, 2002. Serial no. 107-73.

*Mold: A Growing Problem* Joint hearing with the Subcommittee on Housing and Community Opportunity entitled “Mold: A Growing Problem.” July 18, 2002. PRINTED, serial no. 107-77.

*Catastrophe Bonds: Spreading Risk.* Hearing entitled “Catastrophe Bonds: Spreading Risk.” October 8, 2002. Serial no. 107-86.



## OVERSIGHT PLAN FOR THE 107TH CONGRESS

Clause 2(d) of rule X of the Rules of the House of Representatives for the 107th Congress requires that each standing committee in the first session of a congress adopt an oversight plan for the two-year period of the Congress and submit the plan to the Committee on Government Reform and the Committee on House Administration.

Clause 1(d)(1) of rule XI requires each committee to submit to the House not later than January 2 of each odd-numbered year, a report on the activities of that committee under rules X and XI during the Congress ending on January 3 of such year. Clause 1(d)(3) of rule XI also requires that the report include a summary of the oversight plans submitted pursuant to clause 2(d) of rule X; a summary of the actions taken and recommendations made with respect to each such plan; and a summary of any additional oversight activities undertaken by the committee and any recommendations made or actions taken thereon.

Part A of this section contains the Oversight Plan of the Committee on Financial Services for the One Hundred Seventh Congress., which the Committee considered and adopted on February 14, 2001.

Part B of this section contains a summary of the actions taken to implement that plan and the recommendations made with respect to the plan. Additional oversight activities undertaken by the Committee, and the recommendations made or actions taken thereon, are contained in the specific sections relating to the activities of the full Committee and each of the subcommittees.





## Part A

### OVERSIGHT PLAN FOR THE COMMITTEE ON FINANCIAL SERVICES FOR THE ONE HUNDRED SEVENTH CONGRESS

---

February 14, 2001.—Approved by the Committee on  
Financial Services

---

Clause 2(d)(1) of rule X of the Rules of the House requires each standing Committee, not later than February 15 of the first session, to adopt an oversight plan for the 107th Congress. The oversight plan must be submitted simultaneously to the Committee on Government Reform and the Committee on House Administration.

The following agenda constitutes the oversight plan of the Committee on Financial Services for the 107th Congress. It includes areas in which the Committee and its subcommittees expect to conduct oversight during this Congress but does not preclude oversight or investigation of additional matters or programs as they arise. The Committee will consult, as appropriate, with other committees of the House that may share jurisdiction on any of the subjects listed below.

#### MONETARY POLICY ISSUES

*Federal Reserve's Conduct of Monetary Policy.* The Committee will hold hearings on the Federal Reserve Board's (Fed's) semi-annual reports on the conduct of U.S. monetary policy. The Chairman of the Board of Governors will appear regularly before the Committee to address issues associated with monetary policy and the state of the economy, such as past and prospective developments in employment, productivity, and investment.

#### INTERNATIONAL FINANCIAL ISSUES

*Annual report and testimony by the Secretary of the Treasury on International Monetary Fund (IMF) Reform and the State of the International Financial System.* The Committee will review and hold hearings on the annual reports to Congress from the Secretary of the Treasury on the IMF and the state of the international financial system. Pursuant to Section 613 of Public Law 105-277, the Committee will hear annual testimony from the Secretary of the Treasury on: (1) progress made in reforming the IMF; (2) the status of efforts to reform the international financial system; and (3) compliance by borrower countries with the terms and conditions of IMF assistance.

Reauthorization of the Export-Import Bank of the United States. With the authority of the Export-Import Bank of the United States set to expire at the end of FY 2001, the Committee will review the merits of extending and revising the charter of the Bank. In particular, the Committee will examine the extent to which the Bank's competitiveness has been eroded through the use of "untied aid" arrangements by foreign export credit agencies, as well as the development of so-called "market window" lending institutions by several trade competitors. In addition, the Committee will assess the appropriateness of current guidelines under which the President (acting through the Secretary of State) may block Exim financing because of foreign policy considerations.

*U.S. Contributions to the International Financial Institutions.* The Committee will review U.S. participation in, and the effectiveness of U.S. policy toward, the IMF, the World Bank Group, and the regional development banks.

*Trade in Financial Services.* The Committee will review the International Fund for Agricultural Development (IFAD) organization, the Administration's efforts in the World Trade Organization (WTO) Services Negotiations, and through bilateral agreements (such as the proposed free trade agreements with Chile and Singapore, and the secret memorandum developed as part of the United States - Japan bilateral insurance agreement) to achieve market-opening liberalization in financial services. The Committee will include in its review current efforts to open foreign insurance markets and maintain transparency in insurance regulation and negotiation.

*International Financial Services Privacy.* The Committee will review the implementation and negotiation of international privacy standards, and the application of those standards to American companies. The review will be conducted in coordination with the Committee's oversight of the financial privacy provisions of the Gramm-Leach-Bliley Act (GLB) discussed below.

*Coordination of International Financial Services Programs.* The Committee will review the coordination among various Executive branch agencies in promoting financial services trade, including the priority and rank of such programs and program officials.

*World Bank AIDS Trust Fund.* The Committee will monitor and conduct necessary oversight activities regarding the implementation of legislation passed by the 106th Congress (Public Law 106-264) to authorize an international trust fund, led by the U.S. and other donors, to address the AIDS crisis through support of HIV/AIDS prevention, education and treatment efforts in sub-Saharan Africa and other hard-hit regions.

*Holocaust Claims.* The Committee will actively review efforts to ensure that restitution is made to Holocaust victims and heirs for confiscated bank accounts or payable insurance claims.

*Basel Capital Rules.* The Committee will review new rules for bank capital under consideration by the Basel Commission.

*International Debt Relief.* The Committee will monitor and conduct necessary oversight activities regarding the implementation of legislation passed by the 106th Congress to authorize U.S. funding for the Enhanced Heavily Indebted Poor Country (HIPC) Initiative. The Committee will assess progress made by the IMF and World

Bank in granting multilateral debt relief to qualified HIPC countries. The Committee will also monitor the development and adoption of poverty reduction strategies by the HIPC countries, and will assess compliance with other conditions on U.S. funding specified in the authorizing legislation.

#### ECONOMIC GROWTH

*Capital Formation.* The Committee recognizes that capital formation is a crucial economic issue, particularly in the global information economy. New businesses must be able to attract capital to enter the marketplace. Established businesses must be able to attract capital to expand and compete. The Committee will closely examine all laws, policies, and regulations within its jurisdiction to encourage capital formation and eliminate barriers to it, including barriers with respect to underserved communities.

*Investment Company Act of 1940 and New Economy Businesses.* The Committee will review the impact of the Investment Company Act of 1940 on “incubator funds” and other capital formation vehicles that have been important to new economy businesses.

*Development of Economic Opportunities.* The Committee will review economic development programs under the Committee’s jurisdiction, including programs administered by the Appalachian Regional Commission, the Economic Development Administration, and the newly created Delta Regional Authority.

*Community Development Financial Institutions (CDFI) Fund.* In reviewing the expired authorization of the CDFI Fund, created in 1994 to promote economic revitalization and community development, the Committee will examine the record of the Fund in implementing reforms pledged in 1997 to eliminate irregularities in the grant making process identified during the course of an investigation by the Subcommittee on General Oversight. The Committee will monitor the CDFI Fund’s implementation of the New Markets Tax Credits program, which was part of the Renewable Communities and New Markets initiative enacted into law during the 106th Congress.

*PRIME.* The Committee will examine the implementation of a new microenterprise lending program—the Program for Investment in Microentrepreneurs Act, otherwise known as the PRIME Act—that was included in GLB.

*Reauthorization of the Defense Production Act.* The Committee will review the performance of the Defense Production Act in preparation for its possible reauthorization.

#### FINANCIAL SERVICES INDUSTRY/CONSUMER PROTECTION

##### FINANCIAL INSTITUTIONS

*Implementation of Gramm-Leach-Bliley Act (GLB).* The Committee will undertake a comprehensive review of implementation of the Gramm-Leach-Bliley Act (Public Law 106-102), the landmark financial modernization legislation enacted in the 106th Congress. Among the issues that may be examined are regulatory and industry implementation of the Act’s provisions governing financial privacy, merchant banking, financial holding company requirements,

the implementation of GLB consumer protections governing the sale of insurance, securities, and banking products, and Community Reinvestment Act (CRA) sunshine provisions. The review may also identify potential changes to GLB to facilitate innovation in the financial services sector while protecting the safety and soundness of financial institutions.

*Financial Privacy and Consumers.* In addition to reviewing implementation of the privacy provisions of GLB, the Committee will hold hearings to identify and address existing and emerging threats to the privacy of financial information and assess the adequacy of governmental and industry efforts to combat such threats. The Committee will consider whether further reforms may be needed to protect consumer identities and to allocate further responsibility for protecting and fixing consumer credit after an identity theft occurs. The Committee will consult, as appropriate, with other relevant Committees in addressing these issues.

*Electronic Signatures Legislation: Effect on Financial Services Industry.* In light of the recent enactment of the Electronic Signatures in Global and National Commerce Act (Public Law 106-229), the Committee will monitor the financial services industry to ensure that it is able to provide new services to consumers without the potentially anti-competitive obstacles of outdated statutes, and that consumers continue to receive appropriate disclosures as required by law.

*Money Laundering.* The Committee will review enforcement of anti-money laundering laws and regulations, including the annual National Money Laundering Strategy submitted by the administration pursuant to 31 U.S.C. 5341 (Public Law 105-310), and the money laundering vulnerabilities associated with so-called "offshore secrecy havens".

*Contract Netting Improvement.* The Committee will review banking and bankruptcy insolvency laws with respect to the termination and netting of financial contracts. Legislation which would have ensured the orderly disposition of financial contracts held by bankrupt counterparties passed the House three times in the 106th Congress, and passed the Senate as part of a comprehensive bankruptcy reform package which was vetoed by the previous Administration.

*Deposit Insurance Reform.* The Committee will conduct a comprehensive analysis of all aspects of Federal deposit insurance to determine whether any changes to the system are necessary. The Committee seeks to ensure the continued safety and soundness of the financial system and reduce the possibility of a crisis similar to the savings and loan debacle of the late 1980's and early 1990's. The review will encompass issues relating to the banking, thrift, and credit union industries. Some of the specific issues that may be included in this analysis are: (1) merger of the Bank Insurance Fund (BIF) and the Savings Association Insurance Fund (SAIF) to reduce the risk of fund insolvency; (2) options regarding deposit insurance pricing and coverage; (3) the appropriateness of the current minimum ratio of the funds to insured deposits and the effect of changes in the deposit insurance system on the reserve ratio and potential taxpayer liability; and (4) examination of whether any

cost savings to banks and thrifts resulting from deposit insurance reform are passed on to customers.

*First Accounts/ETAs.* The Consolidated Appropriations Act for 2001, H.R. 4490, included \$2 million in funding for a pilot program of the Administration's First Accounts Initiative. This initiative is intended to extend traditional banking services to Americans who, for various reasons, do not now have checking or savings accounts or any other relationship with a bank or other financial services firm, and rely upon usually higher-cost alternatives to cash checks or make payments. In addition to monitoring the First Accounts Initiative, the Committee will continue to monitor the Administration's implementation of EFT 99-which required most social security, veterans benefits, and other Federal payments to be made by electronic funds transfer rather than paper check-and review the implementation, including the costs and benefits, of the new electronic transfer accounts (ETAs).

*Benefits and Risks of Industry Consolidation.* The Committee will review the benefits derived from consolidation in the financial services industry as well as the findings of a G-10 report on potential systemic risks associated with consolidation. Potential issues for oversight include financial institution examinations, market discipline, taxpayer liability, and global implications.

*State of the Industry.* The Committee will require the Federal regulators to report periodically on the state of the banking, thrift, and credit union industries in order to alert Congress to any emerging weaknesses in the financial sector and supervisory measures being taken to counter such weaknesses. Recent reports on weaknesses in credit quality and decreased earnings performance highlight the need to exercise Congressional oversight. Conflicting issues, such as tightened underwriting standards versus the potential for a credit crunch, illustrate the complexity and importance of such oversight. Additionally, recent warnings on credit quality underscore the importance of ensuring that bank regulators and bank management have sufficient flexibility to set appropriate levels of loan loss reserves. Finally, the Committee will continue to monitor proposed changes to accounting standards relating to loan loss reserves.

*The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994.* This statute updated Federal law to provide a framework for mergers and acquisitions of banks across State lines. The Committee will review whether the widespread use of the Internet and the evolution of the financial services industry since enactment of this law have made its provisions obsolete. Additionally, the Committee will review redundant geographic restrictions under the Home Owners' Loan Act (HOLA), national and State caps on deposit concentrations, and issues relating to preemption of State laws by the Office of Thrift Supervision (OTS) and the Office of Comptroller of the Currency (OCC).

*Credit Unions.* The Committee will continue its oversight of the implementation of the Credit Union Membership Access Act of 1998 by the National Credit Union Administration (NCUA). Other issues relating to the credit union industry will also be reviewed, including powers of Federally-chartered credit unions versus State-chartered institutions.

*Fair Credit Reporting Act (FCRA).* The Committee will conduct a comprehensive review of the FCRA, with a focus on such issues as legislation pertaining to the Federal Trade Commission staff opinion letter (the so-called “Vail letter”) relating to employer investigations of employee misconduct, the accuracy of consumer credit reports, and the disclosure of credit scores.

*Fair Debt Collection Practices Act (FDCPA).* The Committee will review this statute, particularly in view of the growth of routine bundling and selling of loans by the loan originator.

*Brokered Certificates of Deposit.* The Committee will review whether adequate protections and disclosures exist for purchasers of brokered CDs.

*Regulatory Burden Reduction.* The Committee will continue to analyze measures to reduce unnecessary burdens resulting from outdated and unnecessary laws and regulations. Included in this area are proposals to end the prohibition on banks paying interest on business checking accounts and to permit the Federal Reserve to pay interest on reserves of depository institutions held at Federal Reserve Banks. The Committee will review whether cost savings achieved through regulatory burden reduction are passed on to customers.

*“Know-Your-Customer” Rules.* In light of the controversy over the “Know Your Customer” anti-money laundering regulation proposed and later withdrawn by Federal banking regulators, the Committee will review recent regulatory and industry initiatives to promote enhanced scrutiny of so-called “high-risk” accounts or transactions.

*Ergonomics Rule and the Financial Services Industry.* The Committee will review the regulatory impact, including potential costs and benefits, of the new Federal ergonomics rule on the financial services industry.

*Consumer Protections.* In addition to consumer issues addressed elsewhere in this oversight plan, the Committee will consider other issues concerning protections for consumers of financial services, such as recent financial literacy initiatives; the effect on consumers of industry consolidation, including acquisitions of commercial lending operations by insured depository institutions; the growth of alternatives to traditional banking branches and services; enforcement of the provisions of the Consumer Leasing Act; and the scheduled sunset of the Truth in Savings Act’s civil liability provisions.

## SECURITIES

*Securities Market Structure.* The Committee will initiate a comprehensive review of the regulatory structure of the National Market System, including international considerations, with an eye toward overhauling the Securities Exchange Act of 1934 to promote greater competition, efficiency and transparency in the securities markets.

*Improving Market Interconnection and Competition.* The Committee will review the intermarket trading system, including its present and emerging international features, which connects various market centers and consider how that system can be improved to take better advantage of modern technologies and thereby promote greater competition and efficiency in the marketplace.

*Regulatory Conflicts Arising From Increasing Convergence of Financial Services Firms.* The Committee will examine the implications of increasing affiliations among financial services firms in the wake of GLB. Included in this review will be the implications for investors of certain restrictions under section 17 of the Investment Company Act of 1940.

*Accessibility of Market Data.* The Committee will review the regulations governing securities market data and other financial market databases, and consider proposals to improve the content and accessibility of market data, as well as to promote competition and efficiency in the provision of that data. This review will include consideration of legislative proposals affecting the rights of users and publishers of financial market databases.

*Securities and Exchange Commission (SEC) Reauthorization and Review.* The Committee will review the budget request by the SEC and consider reauthorization of the Commission. In addition, the Committee will review the organizational structure of the Commission, including the functioning of each division, as well as the Office of Economic Analysis, to ensure the Commission is efficiently and effectively carrying out its mission to promote capital formation and protect investors.

*SEC Fees.* The Committee will consider proposals to reduce fees charged to securities markets participants. These fees, originally imposed to finance the SEC, have generated revenues exceeding the cost of running the agency by several times, effectively resulting in a tax on capital and a significant burden on investors.

*Social Security and Investor-Directed Retirement Accounts.* The Committee will examine proposals to reform Social Security by providing for investor-directed retirement accounts, and consider these proposals' impact on the capital markets and their implications for investors. The Committee will consider changes to the Federal securities laws to promote competition and ensure investor protection in connection with the creation of such investor-directed retirement accounts.

*Stock Options.* The Committee will examine the regulations governing the use of, and accounting for, stock options, and consider what improvements might be needed to enhance their utility for public companies and their investors and employees. In conducting this review, the Committee will consult, as appropriate, with other Committees.

*Investor Access to Initial Public Offerings.* The Committee will consider the allocation of IPOs and the efficiency and fairness of their allocation, including public access to IPOs as well as how IPO allocation affects the efficient promotion of capital formation.

*Technology in the Securities Markets.* The Committee will review the extent to which SEC regulations promote the efficient use of the Internet to provide investors access to information about investments, including prospectus delivery. The Committee will also review practices by, and regulations governing, on-line brokerage firms as well as questions raised by the use of the Internet and other new technologies in connection with securities transactions.

*New Investment Products.* The Committee will monitor developments in new mechanisms allowing investors to access the securi-

ties markets online to ensure robust competition and continued investor protection.

*Decimal Trading.* The Committee will closely monitor and review the implementation of decimal pricing in the securities markets to ensure speedy and efficient implementation of decimal pricing throughout the securities marketplace, consistent with the goal of the Common Cents Stock Pricing Act of 1997.

*Mutual Fund Disclosure.* The Committee will monitor the implementation of new rules regarding disclosure of after-tax returns to mutual fund investors, as well as other disclosure requirements, to ensure these requirements maximize useful information for investors, consistent with efficiency and competition in the mutual fund marketplace.

*Bond Market.* The Committee will monitor the implementation of the Trade Reporting and Comparison Entry Service (TRACE) and consider methods to improve transparency and competition in the bond market.

*Self-Regulatory Organizations.* The Committee will examine the implications for competition in the marketplace of the existing SRO structures, in light of imminent public offerings by several SROs, as well as the implications to competition in the marketplace of SRO regulations, and the role of the SEC in overseeing those regulations.

*SEC Exemptive Authority.* The National Securities Markets Improvement Act of 1996 provided new exemptive authority to the SEC. The Committee will monitor the Commission's use of this authority to promote more efficient regulation and greater competition in the marketplace, and to eliminate burdensome regulation.

*Commodity Futures Modernization Act Implementation.* The Committee will review the implementation of the Commodity Futures Modernization Act of 2000 to ensure the continued success of the U.S. derivatives markets and prevent unnecessary regulatory burdens on those markets. The Committee will monitor the actions of the SEC and the Commodities Futures Trading Commission (CFTC) to ensure the agencies' actions are consistent with the deregulatory spirit of the Act. In addition, the Committee will review disclosure and other requirements for the accounting of derivatives by financial institutions to ensure antifraud protections in place are consistent with investor protection, capital formation, competition, and efficiency in the securities markets.

*Accounting Standards: Protection Against Fraud and International Harmonization.* The Committee will review accounting standards and interpretations set forth by the Financial Accounting Standards Board as they pertain to anti-fraud provisions under the Federal securities laws, including the accounting standards used for mergers and acquisitions. The Committee will also consider initiatives by the SEC and others to harmonize international accounting standards.

*Organized Crime and Securities Markets.* The Committee will examine issues relating to the integrity of the securities exchanges, including recent allegations of organized crime involvement in manipulating markets and defrauding individual investors.

*Investment Company Act of 1940 and the Employee Retirement Income Security Act (ERISA).* The Committee will examine regu-



latory inconsistencies between the Investment Company Act of 1940 and ERISA to determine what legislative or other changes are necessary to improve the effectiveness of each of those Acts for mutual fund investors. In conducting this review, the Committee will consult, as appropriate, with other Committees.

*Securities Investor Protection Corporation.* The Committee will review the operations of the Securities Investor Protection Corporation and proposals to improve its effectiveness.

*Timely stock trade execution.* The Committee will review industry practices with respect to t+3 stock execution to ensure stock executions are not delayed and to enhance the ability of market participants to move to t+1 execution.

#### INSURANCE

*Workers Compensation Insurance.* The Committee will examine the current state of workers compensation insurance to determine the reasonableness of the types of claims and charges being made, and to consider whether further efficiencies or anti-fraud mechanisms can be developed.

*Insurance Marketing.* The Committee will examine a number of consumer protection issues concerning the marketing of insurance products, potentially including the churning of life insurance, sales and marketing representations, coercion and pressure tactics, product bundling, excessive premium charges for credit insurance and mortgage insurance, and Internet marketing of insurance products.

*Insurance Solvency Regulation.* The Committee will examine the current accreditation program of the National Association of Insurance Commissioners (NAIC) that judges the adequacy of State insurance regulatory systems.

*Insurance Fraud.* The Committee will examine the efforts by the States, the NAIC, and other entities, to locate and fight insurance fraud, particularly in implementing reforms developed after the Martin Frankel scandal.

*NARAB Implementation.* The Committee will determine whether a sufficient number of States are implementing uniform or reciprocal insurance agency licensing rules as required under the National Association of Registered Agents and Brokers Title of GLB, and what further measures are necessary to promote uniformity in insurance licensing.

*Preemption of State Insurance Law.* The Committee will review any efforts by Federal agencies to preempt State laws governing insurance activities, and will also examine any controversial State insurance laws to ensure that they do not significantly interfere with Federally authorized powers of financial institutions.

*Insurance Product Approval.* The Committee will review the 50 State approval process for allowing new insurance products and forms to be admitted into the insurance markets.

*National Insurance Uniformity.* The Committee will review various alternatives for modernizing the regulation of insurance, including reform efforts by the NAIC, development of interstate and regional regulatory compacts, facilitation of nationwide State-run insurance regulation programs, proposals for an optional Federal insurance charter, and other reforms for improving the efficiency and effectiveness of insurance regulation.

*Insurance Consumer Protections.* The Committee will examine the regulatory systems established by the States to protect consumers' insurance interests, such as efforts to prevent discrimination against victims of domestic violence, to ensure adequacy of reimbursement of overpayments that are the result of racial or gender discrimination, and to ensure that consumer policy rights and recovery procedures are fully protected. The Committee will also examine how consumer inquiries are recorded as part of consumer claim records.

*Seniors' Retirement Needs.* The Committee will review the insurance needs particular to those contemplating or currently in retirement, including the use of annuities and other insurance pension programs, as well as nursing care insurance and other old age insurance programs.

*Class Action Insurance Litigation.* The Committee will review issues surrounding class action suits filed in the name of insurance policy holders, examining the reasonableness of fees and compensation awarded and determining to what degree the settlements serve the parties' interests. The Committee will also examine the effect of large awards on costs for consumers as well as the impact on State regulation of insurance. As appropriate, the Committee will consult with other Committees in reviewing these issues.

#### FEDERAL AGENCIES/AGENCY PROGRAM ISSUES

*Government Sponsored Enterprises (GSEs).* The Committee will continue its comprehensive review of the three housing GSEs—Fannie Mae, Freddie Mac, and the Federal Home Loan Banks. Areas to be covered include: (1) review of implementation by Fannie Mae and Freddie Mac of their October 2000 voluntary agreement to enhance market discipline and transparency; (2) the governmental structure and authorities for conducting safety and soundness and mission regulation; (3) new leverage and risk-based capital rules; and (4) compliance with HUD's recently announced increases in affordable housing goals.

*Management/Reform of the Federal Reserve System.* The Committee will conduct oversight of the operations of the Federal Reserve System, such as the System's role in providing financial services as well as its management structure and consolidation of operations, use of technology, control and oversight mechanisms, budget processes, pay and benefit levels, and systemwide strategic planning.

*Corrections Recommended by the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), and Office of Thrift Supervision (OTS).* The Committee will consider a number of technical and other corrective changes recommended by the FDIC, OCC, and OTS to the Federal Deposit Insurance Act (FDIA), the International Banking Act of 1978, the National Bank Act, the Home Owners' Loan Act (HOLA), and other banking laws relating to FDIC, OCC, and OTS authorities in the area of contracting, foreign banks, resolution of insured depository institutions, and other issues.

*Management of the Nation's Money: Activities of the Bureau of the Mint and the Bureau of Engraving and Printing (BEP).* The Committee will oversee the activities of these Treasury bureaus as they

relate to the printing and production of U.S. currency and the financing and minting of circulating and commemorative coins. The Committee will review the efficiency and productivity of Mint and BEP manufacturing operations, as well as the Numismatic Public Enterprise Fund. Technical changes to the authorizing statute for the latter will also be considered.

*Anti-Fraud Agency Coordination Efforts.* The Committee will examine the efforts of the financial services regulators to coordinate their anti-fraud efforts, including disciplinary records and other consumer protection records.

*Central Liquidity Facility.* The Central Liquidity Facility (CLF), a government corporation managed by the NCUA, is a valuable source of loans for meeting the seasonal and emergency liquidity needs of credit unions. The CLF borrows from the Treasury Department's Federal Financing Bank, though Congress has imposed borrowing and lending caps. Last year, the General Accounting Office (GAO) audited CLF operations and raised some questions. Subsequently, the conference report accompanying the FY 2001 VA-HUD appropriations bill directed the NCUA to develop policies and procedures to clarify credit union access to the CLF. The Committee may conduct an oversight hearing or other activities relating to the CLF in preparation for advising the Appropriations Committee on CLF-related decisions.

*Farm Credit Administration's National Charter Initiative.* In consultation with other Committees, the Financial Services Committee will continue to monitor the GSE-related issues involved in the Farm Credit Administration's national charter initiative.

*Reports of Inspectors General or Other Investigative Agencies.* The Committee will review and, where appropriate, hold hearings on the findings of investigations and audits conducted by the GAO and the Inspectors General of the agencies that fall within the Committee's jurisdiction.

*Government Performance and Results Act.* The Committee will continue to review the strategic plans, annual performance plans, and annual performance reports of departments and agencies under its jurisdiction.

#### HOUSING ISSUES

*Mortgage Finance Reform/Real Estate Settlement Procedures Act/Truth-in-Lending Act/Predatory Lending.* The Committee may conduct hearings on comprehensive mortgage finance reform to address the evolution of mortgage finance for the 21st century and to assess what regulatory and statutory changes are necessary to curb predatory lending practices. As the financial services industry and mortgage markets adapt to technological changes, the Committee will review the Real Estate Settlement Procedures Act and the Truth-in-Lending Act. In the area of predatory lending, the Committee will review regulatory initiatives and the application of laws, such as the Home Ownership and Equity Protection Act, in order to distinguish between subprime lending activity, which provides needed capital for many historically underserved consumers, and the abusive practices associated with predatory lending.

*HUD Management Reform and Staffing.* The Committee will conduct a comprehensive review of the management reform initiatives

implemented in the past five years. Between 1994 and 2001, all programs of the Department of Housing and Urban Development (HUD) were designated by GAO as being at “high risk” for waste, fraud, and abuse. However, on January 17, 2001, GAO reported a reduction in the number of HUD programs deemed to be high-risk due to HUD’s improvement in Community Development Block Grant (CDBG) management controls. Yet GAO cited continuing, significant weaknesses in two of the department’s major programs—the single-family mortgage insurance and the rental housing assistance programs. The report also noted management challenges related to information and financial management data systems and staffing. The significant weaknesses cover approximately 70 percent of HUD’s programs and involve potential liabilities up to \$454 billion in the single-family portfolio and excess subsidy rental payments up to \$3.1 billion over the last four years.

*HUD Related Reauthorizations.* The Committee will review, for appropriate action, expired—and expiring—authorizations relating to HUD.

*HUD Federal Housing Administration (FHA) Mutual Mortgage Insurance Fund Capital Ratio Standards.* The Committee will review the Mutual Mortgage Insurance Fund capital ratio standards to assess whether current ratio requirements are appropriate. In 1990, Congress enacted legislation requiring a capital ratio of 2 percent by 2000. The fund reached the 2 percent goal by 1995, aided by an economic expansion, and currently has a reserve fund in excess of \$16 billion. In the 106th Congress, the Subcommittee on Housing and Community Opportunity asked GAO to review the adequacy of the capital ratio standards. GAO is scheduled to report to the Committee by late February and the Committee will evaluate the report at that time.

*Private Mortgage Insurance (PMI).* The Committee will review the effectiveness of laws requiring cancellation of private mortgage insurance once certain equity thresholds are achieved. The Committee will also review the ability of the Federal Housing Administration to grant similar consumer rights and will consider whether further consumer disclosures are appropriate.

*Real Estate Activities.* The Committee will review the benefits and concerns relating to the entrance of financial services firms and Internet firms into the real estate agency markets.

*Minorities and Homeownership.* The Committee will conduct hearings to review homeownership rates, particularly for underserved markets, e.g., minorities, inner-city neighborhoods, and women. The overall homeownership rate is approximately 68 percent; however, the average homeownership rate for African Americans is in the 40th percentile and Hispanics register as low as the 20th. The Committee will focus on homeownership disparity in order to fine-tune government policies, practices, and incentives that may preclude successful lending and ownership.

*Flood Insurance.* The Committee will review the National Flood Insurance Program (NFIP) and the implementation of reforms initiated by the Riegle Community Development and Regulatory Improvement Act of 1994 (Public Law 103-325). The Committee will also review the recently submitted Federal Emergency Manage-

ment Agency reports addressing subsidy reductions and repetitive losses.

*Catastrophic Insurance Protection.* The Committee will review the current and projected future ability of the insurance industry to survive a catastrophic natural disaster, and will examine the solvency of various State disaster pools and other disaster solvency programs.

*Rural Housing Prepayment.* The Committee will review the rural multifamily rental program and specific housing laws prohibiting prepayment of the debt of government-financed mortgage loans.

*CDBG/HOME Oversight.* The Committee will review the CDBG program and the Home Investments Partnerships Act (HOME) to assess the impact of funds in low- and very-low income neighborhoods. Given GAO's assessment that these programs are not at high risk for waste, fraud, and abuse, the Committee will focus on management and operation of the programs, including the timely expenditure of CDBG funds. As of February 2000, according to GAO, 239 of the over 950 entitlement grantees had unexpended balances that were excessive and represented approximately \$1.6 billion. These two programs will be reviewed in connection with consideration of their reauthorization.

*Oversight of the Puerto Rico Public Housing Authority.* The Committee will review measures taken by HUD to correct widespread abuse in contracting and program management uncovered at the Puerto Rico Public Housing Authority, the second-largest public housing authority in the country. In July 2000, HUD's Inspector General wrote to Congress and expressed serious concern with the adequacy of the measures HUD had taken to address the waste and loss of Federal funds by the Puerto Rico Public Housing Authority.

*Oversight of HUD's Real Estate Assessment Center (REAC) and Public Housing Assessment System (PHAS).* The Committee will review the functions of HUD's REAC and PHAS assessment programs. REAC and PHAS have been severely criticized for being unduly complex and unworkable from a management perspective. In 2000, the Department maintained that initial barriers to the implementation of REAC and PHAS were adequately addressed. However, the Committee continues to be concerned about complaints received from public housing authorities.

#### CURRENCY AND PAYMENT SYSTEM ISSUES

*Electronic Commerce and Payment Systems.* The Committee will continue to assess the domestic and international implications of new innovations in electronic money and electronic payment systems. Among the issues the Committee may examine are soundness, security, privacy, access to new electronic payment methods, eligibility criteria for issuing new payment methods, competing government regulation, and threats posed to critical infrastructures such as the payments system.

*Counterfeiting.* The Committee will continue its review of efforts to detect and combat the counterfeiting of U.S. currency in the United States and abroad.

*Dollar Coin.* The Committee will examine issues relating to the introduction in 2000 of the new one-dollar coin, including U.S. Mint

production-allocation decisions, a true unit cost of production, management of the program throughout its life to date, the type and nature of fees paid for the design of the coin, and the Mint's expenditures on outside advertising and public relations firms for this and other initiatives.

## PART B

### IMPLEMENTATION OF THE COMMITTEE ON FINANCIAL SERVICES OVERSIGHT PLAN FOR THE 107TH CONGRESS

---

#### MONETARY POLICY ISSUES

*Federal Reserve's Conduct of Monetary Policy.* The Committee held statutorily required hearings on the Chairman of the Federal Reserve Board of Governors' semi-annual reports on monetary policy on February 28, 2001, July 18, 2001, February 27, 2002, and July 17, 2002. The Chairman of the Board of Governors testified at each hearing.

#### INTERNATIONAL FINANCIAL ISSUES

*Annual report and testimony by the Secretary of the Treasury on International Monetary Fund (IMF) Reform and the State of the International Financial System.* The Committee held hearings on the annual report on May 22, 2001 and February 28, 2002. The Secretary of the Treasury testified at each hearing.

*Reauthorization of the Export-Import Bank of the United States.* The Subcommittee on International Monetary Policy and Trade held hearings on the reauthorization of the Export-Import Bank on May 2 and 8, 2001. On October 31, 2001, the Committee passed H.R. 2871, the Export-Import Bank Reauthorization Act of 2001. The House passed the bill, as amended, on May 1, 2002. After passage of S 1372 by the Senate, the House passed the conference report on June 5, 2002. The Senate passed the conference report on June 6, 2002, and the President signed the Act (Public Law 107-189) on June 14, 2002.

*U.S. Contributions to the International Financial Institutions.* The Subcommittee on International Monetary Policy and Trade held hearings on the African Development Bank and African Development Fund on April 25, 2001; on World Bank and IMF activities in Africa on May 15, 2001; and on fiscal year 2002 authorization requests for international programs on June 12, 2001.

On October 31, 2001, the Committee passed H.R. 2604, a bill replenishing the resources of the Asian Development Fund and the International Fund for Agricultural Development, and setting forth additional policies of the United States towards the African Development Bank, the African Development Fund, the Asian Development Bank, the Inter-American Development Bank, and the European Bank for Reconstruction and Development. The House passed H.R. 2604 on May 2, 2002. The Subcommittee on International Monetary Policy and Trade held a hearing on the causes of the

meltdown in the Argentinean economy, including the IMF's role, on February 26, 2002.

The Subcommittee on International Monetary Policy and Trade held hearings on proposed changes to the authorizations for the World Bank-International Development Association and the North American Development Bank on May 2, 2002; July 19, 2002; and July 25, 2002. The Committee referred H.R. 5400, a bill to authorize the establishment of a Border Environment Cooperation Commission and a North American Development Bank, and for other purposes, to the House floor, and it passed the House by voice vote on October 10, 2002. No further action was taken on these measures during the 107th Congress.

*Trade in Financial Services.* The Subcommittee on International Monetary Policy and Trade held a hearing on current international insurance, banking, and securities trade issues and recent developments on June 26, 2001. The Committee held a hearing on the European Union's Financial Services Action Plan and its implications for the American financial services industry on May 22, 2002.

*International Financial Services Privacy.* On May 11, 2002, the Chairman of the full Committee and the chairs of all of the subcommittees wrote a letter to the Secretary of the Treasury, requesting that he consult with the Committee during negotiations with the European Union (EU) on its privacy policy. This issue was then discussed during the Committee's hearing on May 22, 2002, on the European Union's Financial Services Action Plan.

*Coordination of International Financial Services Programs.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*World Bank AIDS Trust Fund.* The Subcommittee on International Monetary Policy and Trade held a hearing on World Bank and IMF activities in Africa, including those focused on the HIV/AIDS pandemic, on May 15, 2001. Provisions addressing these matters were included in H.R. 2604, referred to above.

*Holocaust Claims.* The Committee monitored the efforts by the International Holocaust Commission to ensure that restitution is made to Holocaust victims and heirs of confiscated accounts.

*Basel Capital Rules.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*International Debt Relief.* This issue was considered during hearings on the World Bank and Africa cited above.

#### ECONOMIC GROWTH

*Capital Formation.* The Subcommittee on Domestic Monetary Policy, Technology, and Economic Growth held a hearing on measures needed to stimulate capital formation on March 29, 2001. The Subcommittee on Oversight and Investigations held a hearing on the SEC's role in capital formation on June 26, 2001.

*Investment Company Act of 1940 and New Economy Businesses.* The Committee took no direct oversight action on these matters in the 107th Congress, but continued to monitor the activities of these companies.



*Development of Economic Opportunities.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*Community Development Financial Institutions (CDFI) Fund.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*PRIME.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*Reauthorization of the Defense Production Act.* The Subcommittee on Domestic Monetary Policy, Technology, and Economic Growth held a hearing on the reauthorization on June 13, 2001. The Committee passed H.R. 2510, the Defense Production Act Amendments of 2001, on July 25, 2001. The House passed the bill on September 5, 2001. The President signed the Act (Public Law 107-47) on October 5, 2001.

## FINANCIAL SERVICES INDUSTRY/CONSUMER PROTECTION

### FINANCIAL INSTITUTIONS

*Implementation of Gramm-Leach-Bliley Act (GLB).* On April 4, 2001, the Subcommittee on Financial Institutions and Consumer Credit and the Subcommittee on Capital Markets, Insurance, and Government-Sponsored Enterprises held a joint hearing on the use of the authority granted by GLB for financial holding companies (FHCs) and bank holding companies (BHCs) to conduct merchant banking investment activities.

On July 19, 2001, Chairman Oxley and the six subcommittee chairman sent a letter to the acting Chairwoman of the Securities and Exchange Commission, expressing concerns about a draft SEC ruling applying new SEC regulatory requirements to bank brokerage activities governed by GLB. On August 2, 2001, the Financial Institutions and Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises held a joint hearing to address the SEC ruling.

*Financial Privacy and Consumers.* The Subcommittee on Oversight and Investigations held a hearing jointly with the Social Security Subcommittee of the Committee on Ways and Means on identity theft of the deceased on November 8, 2001. The Chairwoman of the Subcommittee on Oversight and Investigations convened a task force to address the issue. On November 15, she sent a letter to the Treasury requesting that they support a death verification system that was undergoing testing by the Social Security Administration.

*Electronic Signatures Legislation: Effect on Financial Services Industry.* The Subcommittee on Domestic Monetary Policy, Technology, and Economic Growth held a hearing on June 28, 2001 on this issue.

*Money Laundering.* The Committee held a hearing on the financial infrastructure of global terrorism on October 3, 2001. The Committee passed H.R. 3004, the Financial Anti-Terrorism Act of 2001, on October 11, 2001. It was incorporated into the USA PATRIOT

Act, H.R. 3162, which was signed into law on October 26, 2001. The Subcommittee on Oversight and Investigations held a hearing on patterns of terrorist financing on February 12, 2002. The Committee held a hearing on the implementation of the USA PATRIOT Act on September 19, 2002.

*Contract Netting Improvement.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress. Further, provisions of H.R. 333, the Bankruptcy Abuse Prevention and Consumer Protection Act of 2001, addressed this matter and the Committee participated in their development.

*Deposit Insurance Reform.* The Subcommittee on Financial Institutions and Consumer Credit held hearings on aspects of deposit insurance reform on July 26 and October 17, 2001. On March 7, 2002, the Subcommittee on Financial Institutions and Consumer Credit approved H.R. 3717, Federal Deposit Insurance Reform Act of 2002 for full Committee consideration. The full Committee passed H.R. 3717 on April 17, 2002, and the House passed it on May 22, 2002. No further action was taken on this legislation in the 107th Congress.

*First Accounts/ETAs.* The Subcommittee on Oversight and Investigations held a hearing on EFT requirements and the use of ETAs on June 20, 2001. The Chairman and Ranking Member asked GAO to conduct a study on the issue, which was completed and released in October 2002.

*Benefits and Risks of Industry Consolidation.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*State of the Industry.* In the wake of the terrorist attacks of September 11, 2001, the Committee reviewed the state of the financial services industry and the ability to recover. On September 13, senior regulatory officials briefed Committee members about the restoration of full operations. The Committee met on September 26 to receive an update on recovery operations from securities and insurance regulators and industry leaders. On October 11, 2001, the Committee asked GAO to monitor the recovery process and report to us on its implications for the U.S. financial markets and their participants.

*The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*Credit Unions.* A number of regulatory provisions affecting credit unions were included in H.R. 3951, the Financial Services Regulatory Relief Act of 2001 and the Subcommittee on Financial Institutions and Consumer Credit conducted oversight of these financial institutions during the course of the development of that legislation.

*Fair Credit Reporting Act (FCRA).* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*Fair Debt Collection Practices Act (FDCPA).* Although the Committee took no direct oversight action on this topic, the Committee

monitored the developments in this area throughout the 107th Congress.

*Brokered Certificates of Deposit.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*Regulatory Burden Reduction.* The Subcommittee on Financial Institutions and Consumer Credit held a legislative hearing on H.R. 3951, the Financial Services Regulatory Relief Act of 2002, on March 14, 2002. The Subcommittee on Financial Institutions and Consumer Credit passed the bill on May 8, 2002. No further action was taken on this measure during the 107th Congress.

*“Know-Your-Customer” Rules.* This issue was considered by the Committee during the course of deliberations on H.R. 3004, the Financial Anti-Terrorism Act of 2001. New provisions requiring financial institutions to gather information about customers were incorporated into H.R. 3162, the USA PATRIOT Act.

*Ergonomics Rule and the Financial Services Industry.* This issue was considered during the course of deliberations on H. Res. 79 and S.J.Res. 6, a joint resolution providing for congressional disapproval of the rule submitted by the Department of Labor relating to ergonomics. The resolution was enacted as public law 107-5 on March 20, 2001.

*Consumer Protections.* The Subcommittee on Financial Institutions and Consumer Credit held a hearing on November 1, 2001, to address the credit card industry’s practice of issuing credit to worthy customers without saturating the market with uncollectible debt. On December 11, 2001, Chairman Oxley, with representatives from the credit card industry and the U.S. Postal Service, announced an agreement intended to protect consumers in the event of a mail disruption caused by biological, chemical, or radiological attack.

#### SECURITIES

*Securities Market Structure.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*Improving Market Interconnection and Competition.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*Regulatory Conflicts Arising from Increasing Convergence of Financial Services Firms.* On April 4, 2001, the Subcommittee on Financial Institutions and Consumer Credit and the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises held a joint hearing on the use of the authority granted by GLB to the Federal Reserve Board, the Office of the Comptroller of the Currency, Department of the Treasury, and Federal Deposit Insurance Corporation to enable financial holding companies (FHCs) and bank holding companies (BHCs) to conduct merchant banking investment activities.

*Accessibility of Market Data.* The Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises held hearings on the collection, ownership, and distribution of market data on March 14 and July 26, 2001.

*Securities and Exchange Commission Reauthorization and Review.* The Committee passed H.R. 3764, a bill to authorize appropriations for the SEC, on April 11, 2002. The House passed H.R. 3764 on June 26, 2002. The provisions of H.R. 3764 were included in the conference report to accompany H.R. 3763. Additionally, in the wake of the September 11 attacks, the Committee passed H.R. 3060, the Emergency Securities Response Act, to allow the SEC to extend emergency orders for up to 30 business days and in some cases for up to 90 calendar days, from the current 10 days. The bill would also widen the SEC's emergency relief scope to include all Federal securities laws. The House passed H.R. 3060 on November 11, 2001. The Senate did not consider the bill before the end of the session.

*SEC Fees.* The Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises held a hearing entitled "Saving Investors Money: Reducing Excessive SEC Fees" on March 7, 2001. The Subcommittee passed H.R. 1088, the Investor and Capital Markets Fee Relief Act, on March 21, 2001. The Committee passed H.R. 1088 on March 28, 2001. The House passed the bill on June 14, 2001, and the Senate passed the bill on December 20, 2001. The President signed the Act, on January 16, 2002, becoming public law number 107-123.

*Social Security and Investor-Directed Retirement Accounts.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*Stock Options.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*Investor Access to Initial Public Offerings.* The Committee considered these issues during its investigation of links between investment banking business and issuance of shares in initial public offerings described above.

*Technology in the Securities Markets.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*New Investment Products.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*Decimal Trading.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*Mutual Fund Disclosure.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*Bond Market.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*Self-Regulatory Organizations.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*SEC Exemptive Authority.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*Commodity Futures Modernization Act Implementation.* On July 27, 2001, Chairman Oxley wrote to the acting SEC chairwoman, the chairman of the Commodity Futures Trading Commission, and the commissioner of the Internal Revenue Service (IRS), to request a progress report on their agencies' implantation of the Commodities Futures Modernization Act (CFMA). On October 15, 2001, Chairman Oxley and Agriculture Committee Chairman Combest sent a letter to the chairmen of the SEC and CFTC, supporting the extension of the comment period on rules for the trading of security futures products after December 21, 2001, as a result of the terrorist attacks on September 11.

*Accounting Standards: Protection Against Fraud and International Harmonization.* The Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises held a hearing on June 7, 2001 on the promotion of international capital flows through harmonization of international accounting standards. The Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises held hearings on May 1 and May 14, 2002, on the credibility of GAAP in light of corporate accounting scandals and the collapse of major companies. This issue was also raised during the Committee's hearing on May 22, 2002, on the EU's Financial Services Financial Services Action Plan, and in the consideration of the Sarbanes-Oxley Act of 2002.

*Organized Crime and Securities Markets.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*Investment Company Act of 1940 and the Employee Retirement Income Security Act (ERISA).* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*Securities Investor Protection Corporation.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*Timely stock trade execution.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

#### INVESTIGATION OF LINKS BETWEEN INVESTMENT BANKING BUSINESS AND ISSUANCE OF SHARES IN INITIAL PUBLIC OFFERINGS

Following the July 8, 2002 WorldCom hearing, the Committee began the first Congressional investigation of Wall Street practices for the issuance of shares in initial public offerings to investment banking clients. Based on information developed in connection with that hearing, the Committee requested and subpoenaed thousands of pages of documents from Citigroup, Goldman Sachs, and Credit Suisse First Boston. The documents revealed that preferred investors involved in over 30 companies (including Enron, Global Crossing, and WorldCom) reaped profits from initial public offering shares and "spun" investment banking business back to the firms.

For instance, subpoenaed documents revealed that former WorldCom CEO Bernie Ebbers made \$11 million in personal gains from initial public offering shares. Additionally, evidence indicates that ratings of stock analysts, such as Jack Grubman, were influenced by the prospect for investment banking business, despite previous denials by the analysts and firm management. Analysts' compensation appears to have been tied, in part, to the volume of such business. The SEC initiated investigations to determine whether securities laws were violated, and also initiated regulatory actions to prevent future direct linkages.

#### INSURANCE

*Workers Compensation Insurance.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*Insurance Marketing.* The Subcommittee on Oversight and Investigations held a hearing on February 26, 2002 entitled "Retirement Protections: Fighting Fraud in the Sale of Death" which addressed the marketing of viatical policies. For more information on this hearing, see the appropriate portion of the Subcommittee on Oversight and Investigations section.

*Insurance Solvency Regulation.* The Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises held hearings on this issue on June 4, 11, and 18, 2002.

*Insurance Fraud.* The Subcommittee on Oversight and Investigations held a hearing on February 26, 2002, on fraud in the sale of viatical insurance products. For more information on this hearing, see the appropriate portion of the Subcommittee on Oversight and Investigations section.

*NARAB Implementation.* The Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises held a hearing on the NARAB provisions of GLB on May 16, 2001.

*Preemption of State Insurance Law.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*Insurance Product Approval.* The Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises held a hearing on this issue on June 21, 2001.

*National Insurance Uniformity.* The Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises held hearings on this issue on June 4, 11, and 18, 2002.

*Insurance Consumer Protections.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*Seniors' Retirement Needs.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*Class Action Insurance Litigation.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

## FEDERAL AGENCIES/AGENCY PROGRAM ISSUES

*Government-Sponsored Enterprises (GSEs).* The Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises held hearings on various aspects of this issue on May 23 and July 11, 2001, and on July 16 and July 23, 2002. For more information regarding the Committee's activities, please see the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises section.

*Management/Reform of the Federal Reserve System.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*Corrections Recommended by the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), and Office of Thrift Supervision (OTS).* During the Committee's consideration of H.R. 3951, the Financial Services Regulatory Relief Act of 2001, the Committee considered a variety of suggestions from the regulators of banks, thrifts, and credit unions.

*Management of the Nation's Money: Activities of the Bureau of the Mint and the Bureau of Engraving and Printing (BEP).* Although the Committee took no direct oversight action on this topic, the Committee closely monitored the activities of this agency, and undertook numerous informal efforts to improve the management and operations of the Mint and Bureau of Engraving and Printing. The Committee did consider H.R. 2509, the Bureau of Engraving and Printing Security Printing Amendments Act. For more information on these activities, please see the appropriate entries in the Subcommittee on Domestic Monetary Policy, Technology, and Economic Growth section.

*Anti-Fraud Agency Coordination Efforts.* The Subcommittee on Oversight and Investigations and the Subcommittee on Financial Institutions and Consumer Credit held a joint hearing on March 6, 2001 on potential actions by financial regulators and Congress to protect consumers from financial fraud. The Subcommittee on Financial Institutions and Consumer Credit passed H.R. 1408, the Financial Services Antifraud Network Act of 2001, on June 13, 2001. The Committee passed the bill on June 27, 2001. The House passed the bill on November 6, 2001. The Senate did not consider the bill before the end of the session.

*Central Liquidity Facility.* Although the Committee took no direct oversight action on this topic, the Committee closely monitored the developments in this area throughout the 107th Congress and in particular after the events of September 11, 2001.

*Farm Credit Administration's National Charter Initiative.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*Reports of Inspectors General or Other Investigative Agencies.* The Subcommittee on Oversight and Investigations cited reports from the HUD Inspector General in two hearings, discussed in more detail below.

## HOUSING ISSUES

*Mortgage Finance Reform/Real Estate Settlement Procedures Act/Truth-in-Lending Act/Predatory Lending.* The Committee held a hearing on HUD's proposed RESPA rule on October 3, 2002.

*HUD Management Reform and Staffing.* The Subcommittee on Housing and Community Development held a hearing on HUD's proposed FY 2001 budget on April 26, 2001. The Subcommittee on Oversight and Investigations held a hearing on September 10, 2001 on fraud in the single-family mortgage program. On December 4, 2001, members of the Committee wrote to the chairman and ranking member of the Appropriations Committee in support of additional appropriations of \$20 million to cure deficiencies in HUD's Office of Multifamily Housing Assistance and Restructuring Technical Assistance. The Subcommittee on Housing and Community Opportunity held a hearing on HUD's proposed FY 2002 budget on February 13, 2002.

*HUD-Related Reauthorizations.* The Committee passed H.R. 2589, the Office of Multifamily Housing Assistance Restructuring Extension Act of 2001, on July 25, 2001. The House passed the bill on September 24, 2001. The Senate did not consider the bill before the end of the session. Other HUD-related authorizations were incorporated into H.R. 3995, the Housing Affordability for America Act of 2002, which the Committee passed on July 10, 2002. No further action was taken on this measure in the 107th Congress.

*HUD Federal Housing Administration (FHA) Mutual Mortgage Insurance Fund Capital Ratio Standards.* The Subcommittee on Housing and Community Opportunity held a hearing on this issue on March 20, 2001.

*Private Mortgage Insurance (PMI).* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*Real Estate Activities.* The Subcommittee on Financial Institutions and Consumer Credit held a hearing on May 2, 2001, on the Federal Reserve Board and Treasury Department proposal to permit banks to offer certain real estate services. The Subcommittee held a hearing on July 24, 2002, on the Community Choice in Real Estate Act, H.R. 3424, which would have prohibited financial holding companies and national banks from engaging, directly or indirectly, in real estate brokerage or management services. The Committee took no action with respect to the bill before the end of the session.

*Minorities and Homeownership.* This issue was considered during hearings on housing affordability on May 3, May 22, June 21, and July 17, 2001, and during hearings on H.R. 3995, the Housing Affordability for America Act of 2002, on April 10, 23, and 24, 2002.

*Flood Insurance.* The Subcommittee on Housing and Community Opportunity held a hearing on the National Flood Insurance Program and repetitive loss properties on July 19, 2001. Further, the Committee considered the future of the program in connection with its consideration of H.R. 5005, the Homeland Security Act of 2002, which transferred the Federal Emergency Management Agency from its status as an independent executive-branch agency to an entity within the Department of Homeland Security.



*Catastrophic Insurance Protection.* This issue was incorporated into hearings on the need for terrorism insurance on September 26 and October 24, 2001, and on February 27, 2002. On January 16, 2002, the Chairman asked GAO to conduct a review of the need for terrorism insurance, the findings of which were presented on February 27. H.R. 3210, the Terrorism Risk Insurance Act of 2002, was adopted by the Committee on November 7, 2001, passed the House on November 29, 2001, passed the Senate as S. 2600 on July 25, 2002, and was signed into law as P.L. 107-297 on November 26, 2002.

*Rural Housing Prepayment.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*CDBG/HOME Oversight.* The Subcommittee on Housing and Community Opportunity held a hearing on the CDBG program on March 14, 2002. The HOME program was an issue considered during the hearings on housing affordability in 2001 and 2002.

*Oversight of the Puerto Rico Public Housing Authority.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*Oversight of HUD's Real Estate Assessment Center (REAC) and Public Housing Assessment System (PHAS).* This issue was considered during hearings on HUD's management and proposed budgets in 2001 and 2002.

#### CURRENCY AND PAYMENT SYSTEM ISSUES

*Electronic Commerce and Payment Systems.* Although the Committee took no direct oversight action on this topic, the Committee monitored the developments in this area throughout the 107th Congress.

*Counterfeiting.* The Subcommittee on Domestic Monetary Policy, Technonogy, and Economic Growth held a hearing on July 24, 2001, on the design and security of currency. On March 19, 2002, the House passed H.R. 2509, The Bureau of Engraving and Printing Security Printing Amendments Act of 2002, sponsored by the Subcommittee on Domestic Monetary Policy, Technonogy, and Economic Growth Chairman. The legislation would have allowed the United States to produce currency, postage stamps, and other security documents at the request of foreign governments on a reimbursable basis. The Senate did not consider the bill before the end of the session.

*Dollar Coin.* This issue was considered during the Subcommittee on Domestic Monetary Policy, Technonogy, and Economic Growth hearing on July 24, 2001.



APPENDIX I—COMMITTEE LEGISLATION

This list includes: (1) bills reported by the Committee on Financial Services, (2) bills referred to, but not acted upon by, the Committee and enacted into law, and (3) bills referred to, but not acted upon by, the Committee and reported by another committee of jurisdiction.

Public laws and measures reported

Public Law	Rept. No.	Bill	Title
	H. Rept. 107-3*	H.R. 333	Bankruptcy Abuse Prevention and Consumer Protection Act of 2002
	H. Rept. 107-339	H.R. 556	Leach-LaFalce Internet Gambling Enforcement Act
	H. Rept. 107-38	H.R. 974	Small Business Interest Checking Act of 2001
P.L. 107-123	H. Rept. 107-52	H.R. 1088	Investment and Capital Markets Fee Relief Act
	H. Rept. 107-192	H.R. 1408	Financial Services Antifraud Network Act of 2001
	H. Rept. 107-590	H.R. 1701	Consumer Rental Purchase Agreement Act
	H. Rept. 107-147	H.R. 1850	Senior Housing Commission Extension Act of 2001
P.L. 107-24	H. Rept. 107-107*	H.R. 1954	ILSA Extension Act of 2001
P.L. 107-245	H. Rept. 107-92*	H.R. 5531; H.R. 2052	Sudan Peace Act
	H. Rept. 107-199*	H.R. 2368	Vietnam Human Rights Act
P.L. 107-47	H. Rept. 107-173	H.R. 2510	Defense Production Act Amendments of 2001
	H. Rept. 107-196	H.R. 2589	Office of Multifamily Housing Assistance Restructuring Extension Act of 2001
	H. Rept. 107-291	H.R. 2604	To authorize the United States to participate in and contribute to the seventh replenishment of the resources of the Asian Development Fund and the fifth replenishment of the resources of the International Fund for Agricultural Development, and to set forth additional policies of the United States towards the African Development Bank, the African Development Fund, the Asian Development Bank, the Inter-American Development Bank, and the European Bank for Reconstruction and Development.
P.L. 107-73	*	H.R. 2620; H.R. 1629; H.R. 1850	FHA Multifamily Mortgage Loan Limit Adjustment Act of 2001; Senior Housing Commission Extension Act of 2001
P.L. 107-95	H. Rept. 107-241*	H.R. 2716	Homeless Veterans Comprehensive Assistance Act of 2001
P.L. 107-127		H.R. 2751	General Shelton Congressional Gold Medal Act
P.L. 107-189 <sup>1</sup>	H. Rept. 107-292	H.R. 2871	Export-Import Bank Reauthorization Act of 2001
	H. Rept. 107-448	H.R. 2941	Brownfields Redevelopment Enhancement Act
P.L. 107-56	H. Rept. 107-250	H.R. 3162; H.R. 3004	Financial Anti-Terrorism Act of 2001 (USA PATRIOT Act)
	H. Rept. 107-283	H.R. 3060	Emergency Securities Response Act of 2001
P.L. 107-297	H. Rept. 107-300	H.R. 3210	Terrorism Risk Protection Act
	H. Rept. 107-406*	H.R. 3347	General Aviation Industry Reparations Act of 2002
P.L. 107-151	*	H.R. 3699	To revise certain grants for continuum of care assistance for homeless individual and families
	H. Rept. 107-467	H.R. 3717	Federal Deposit Insurance Reform Act of 2002
	H. Rept. 107-383*	H.R. 3762	Pension Security Act of 2002
P.L. 107-204	H. Rept. 107-414	H.R. 3763	Sarbanes-Oxley Act of 2002
	H. Rept. 107-415	H.R. 3764	Securities and Exchange Commission Authorization Act of 2002
	H. Rept. 107-516	H.R. 3951	Financial Services Regulatory Relief Act of 2001
P.L. 107-156	*	S. 2019; H.R. 3987	To extend the authority of the Export-Import Bank through April 30, 2002.
	H. Rept. 107-640	H.R. 3995	Housing Affordability For America Act of 2002

## Public laws and measures reported—Continued

Public Law	Rept. No.	Bill	Title
P.L. 107-186		H.R. 4782	To extend the authority of the Export-Import Bank until June 14, 2002
	H. Rept. 107-609* H. Rept. 107-720	H.R. 5005 H.R. 5400	Homeland Security Act of 2002 To authorize the President of the United States to agree to certain amendments to the Agreement between the Government of the United States of America and the Government of the United Mexican States concerning the establishment of a Border Environment Cooperation Commission and a North American Development Bank, and for other purposes
P.L. 107-245	H. Rept. 107-92*	H.R. 5531; H.R. 2052	Sudan Peace Act
P.L. 107-99	H. Rept. 107-312*	S. 494	Zimbabwe Democracy and Economic Recovery Act of 2001
P.L. 107-18	*	S. 1029	To clarify the authority of the Department of Housing and Urban Development with respect to the use of fees during fiscal year 2001 for the manufactured housing program
P.L. 107-156	*	S. 2019; H.R. 3987	To extend the authority of the Export-Import Bank through April 30, 2002.
P.L. 107-201	*	S. 2594 <sup>2</sup>	Support of Eagle Silver Bullion Program Act
	*	S. 1210	Native American Housing Assistance and Self-Determination Reauthorization Act of 2002
	*	S. 2239	FHA Downpayment Simplification Act of 2002

\* Measure not reported by the Committee on Financial Services.

<sup>1</sup> Enacted bill was S. 1372.

<sup>2</sup> For prior House action, see H.R. 4971.

## APPENDIX II

### PART A

#### Hearings of the Committee on Financial Services

Serial No.	Hearing Title	Hearing Date(s)
107-1	Conduct of Monetary Policy (Full Committee)	February 28, 2001
107-2	Protecting Consumers: What Can Congress Do to Help Financial Regulators Coordinate Efforts to Fight Fraud? (Subcommittee on Oversight and Investigations and Subcommittee on Financial Institutions and Consumer Credit)	March 6, 2001
107-3	Saving Investors Money: Reducing Excessive SEC Fees (Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises)	March 7, 2001
107-4	Proposals to Permit Payment of Interest on Business Checking Accounts and Sterile Reserves Maintained at Federal Reserve Banks (Subcommittee on Financial Institutions and Consumer Credit)	March 13, 2001
107-5	Public Access to Market Data: Improving Transparency and Competition (Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises)	March 14, 2001
107-6	The Financial Health of the Federal Housing Administration (FHA) Single Family Mutual Mortgage Insurance Fund (Subcommittee on Housing and Community Opportunity)	March 20, 2001
107-7	Review of the Voluntary Agreement by Fannie Mae and Freddie Mac (Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises)	March 27, 2001
107-8	Beyond the Tax Cut: Unleashing the Economy (Subcommittee on Domestic Monetary Policy, Technology, and Economic Growth)	March 29, 2001
107-9	Promotion of Capital Availability to American Businesses (Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises and the Subcommittee on Financial Institutions and Consumer Credit)	April 4, 2001
107-10	U.S. Policy Towards the African Development Bank and the African Development Fund (Subcommittee on International Monetary Policy and Trade)	April 25, 2001
107-11	The Budget of the Department of Housing and Urban Development (HUD) (Subcommittee on Housing and Community Opportunity)	April 26, 2001
107-12	Federal Reserve Board and Treasury Department Rule Proposal (Subcommittee on Financial Institutions and Consumer Credit)	May 2, 2001
107-13	Reauthorization of the Export-Import Bank (Subcommittee on International Monetary Policy and Trade)	May 2 and 8, 2001
107-14	Housing Affordability Issues (Subcommittee on Housing and Community Opportunity)	May 3, May 22, June 21, and July 17, 2001
107-15	World Bank and IMF Activities in Africa (Subcommittee on International Monetary Policy and Trade)	May 15, 2001
107-16	Deposit Insurance Reform (Subcommittee on Financial Institutions and Consumer Credit)	May 16, 2001
107-17	NARAB & Beyond (Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises)	May 16, 2001
107-18	Fair Disclosure or Flawed Disclosure: Is Reg FD Helping or Hurting Investors? (Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises)	May 17, 2001
107-19	The State of the International Financial System and IMF Reform (Full Committee)	May 22, 2001
107-20	CBO Report on Federal Subsidies for the Housing GSEs (Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises)	May 23, 2001
107-21	Inspector General's Report on the Housing Authority of New Orleans (Subcommittee on Oversight and Investigations)	June 4, 2001
107-22	Promotion of International Capital Flow through Accounting Standards (Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises)	June 7, 2001
107-23	FY 2002 Authorization Requests for International Programs (Subcommittee on International Monetary Policy and Trade)	June 12, 2001
107-24	Reauthorization of the Defense Production Act of 1950 (Subcommittee on Domestic Monetary Policy, Technology, and Economic Growth)	June 13, 2001

## Hearings of the Committee on Financial Services—Continued

Serial No.	Hearing Title	Hearing Date(s)
107-25	Analyzing the Analysts (Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises)	June 14 and July 31, 2001
107-26	The California Energy Crisis: Causes, Impacts, and Remedies (Full Committee)	June 20, 2001
107-27	Implementation of EFT Requirements (Subcommittee on Oversight and Investigations)	June 20, 2001
107-28	Insurance Product Approval: The Need for Modernization (Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises)	June 21, 2001
107-29	The SEC's Role in Capital Formation: Help or Hinderance? (Subcommittee on Oversight and Investigations)	June 26, 2001
107-30	Trade in Financial Services: Current Issues and Future Developments (Subcommittee on International Monetary Policy and Trade)	June 26, 2001
107-31	ESIGN: Encouraging the Use of Electronic Signatures in the Financial Services Industry (Subcommittee on Domestic Monetary Policy, Technology, and Economic Growth)	June 28, 2001
107-32	Reforming Fannie Mae and Freddie Mac (Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises)	July 11, 2001
107-33	H.R. 1701, the Consumer Rental Purchase Agreement Act (Subcommittee on Financial Institutions and Consumer Credit)	July 12, 2001
107-34	Financial Aspects of Internet Gaming: Good Gamble or Bad Bet? (Subcommittee on Oversight and Investigations)	July 12, 2001
107-35	Conduct of Monetary Policy (Full Committee)	July 18, 2001
107-36	The National Flood Insurance Program and Repetitive Loss Properties (Subcommittee on Housing and Community Opportunity)	July 19, 2001
107-37	H.R. 556, the Unlawful Internet Gambling Fundraising Prohibition Act and Other Internet Gambling Proposals (Subcommittee on Financial Institutions and Consumer Credit)	July 24, 2001
107-38	Design and Security of Currency (Subcommittee on Domestic Monetary Policy, Technology, and Economic Growth)	July 24, 2001
107-39	Viewpoints of Select Regulators on Deposit Insurance Reform (Subcommittee on Financial Institutions and Consumer Credit)	July 26, 2001
107-40	Market Data: Implications to Investors (Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises)	July 26, 2001
107-41	OFHEO Risk-Based Capital Rule (Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises)	August 1, 2001
107-42	Over-Regulation of Automobile Insurance: A Lack of Consumer Choice (Subcommittee on Oversight and Investigations)	August 1, 2001
107-43	Pushing Back the Pushouts: the SEC's Broker-Dealer Rules (Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises and the Subcommittee on Financial Institutions and Consumer Credit)	August 2, 2001
107-44	The Section 203(k) Housing Program (Subcommittee on Oversight and Investigations)	September 10, 2001
107-45	America's Insurance Industry: Keeping the Promise (Full Committee)	September 26, 2001
107-46	Dismantling the Financial Infrastructure of Global Terrorism (Full Committee)	October 3, 2001
107-47	Viewpoints of the FDIC and Select Industry Experts on Deposit Insurance Reform (Subcommittee on Financial Institutions and Consumer Credit)	October 17, 2001
107-48	Protecting Policyholders from Terrorism: Private Sector Solutions (Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises)	October 24, 2001
107-49	Giving Consumers Credit: How is the Credit Card Industry Treating its Customers? (Subcommittee on Financial Institutions and Consumer Credit)	November 1, 2001
107-50	Preventing Identity Theft by Terrorists and Criminals (Subcommittee on Oversight and Investigations and Committee on Ways and Means Subcommittee on Social Security)	November 8, 2001
107-51 Part 1	The Enron Collapse: Impact on Investors and Financial Markets (Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises and the Subcommittee on Oversight and Investigations)	December 12, 2001
107-51 Part 2	The Enron Collapse: Impact on Investors and Financial Markets (Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises)	February 4 and 5, 2002
107-52	Argentina's Economic Meltdown: Causes and Remedies (Subcommittee on International Monetary Policy and Trade)	February 6 and March 5, 2002
107-53	The PATRIOT Act Oversight: Investigating Patterns of Terrorist Financing (Subcommittee on Oversight and Investigations)	February 12, 2002
107-54	The Proposed Budget of the Department of Housing and Urban Development (Subcommittee on Housing and Community Opportunity)	February 13, 2002
107-55	Retirement Protections: Fighting Fraud in the Sale of Death (Subcommittee on Oversight and Investigations)	February 26, 2002
107-56	Conduct of Monetary Policy (Full Committee)	February 27, 2002

## Hearings of the Committee on Financial Services—Continued

Serial No.	Hearing Title	Hearing Date(s)
107-57	How Much are Americans at Risk Until Congress Passes Terrorism Insurance Protection? (Subcommittee on Oversight and Investigations)	February 27, 2002
107-58	The State of the International Financial System and IMF Reform (Full Committee)	February 28, 2002
107-59	H.R. 2941, the Brownfields Redevelopment Enhancement Act (Subcommittee on Housing and Community Opportunity)	March 6, 2002
107-60	H.R. 3763, the Corporate and Auditing Accountability, Responsibility, and Transparency Act of 2002 (Full Committee)	March 13, 20, and April 9, 2002
107-61	Review of the Community Development Block Grant Program (Subcommittee on Housing and Community Opportunity)	March 14, 2002
107-62	H.R. 3951—The Financial Services Regulatory Relief Act of 2002 (Subcommittee on Financial Institutions and Consumer Credit)	March 14 and April 25, 2002
107-63	The Effects of the Global Crossing Bankruptcy on Investors, Markets, and Employees (Subcommittee on Oversight and Investigations)	March 21, 2002
107-64	H.R. 3995, the Housing Affordability for America Act of 2002 (Subcommittee on Housing and Community Opportunity)	April 10, 23, and 24, 2002
107-65	Review of the Current Status of Empowerment Zones and Renewal Communities (Subcommittee on Housing and Community Opportunity)	April 10, 2002
107-66	Encouraging Capital Formation in Key Sectors of the Economy (Subcommittee on Domestic Monetary Policy, Technology, and Economic Growth)	April 18, 2002
107-67	Corporate Accounting Practices: Is There a Credibility GAAP? (Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises)	May 1 and 14, 2002
107-68	Proposed Changes to Both the World Bank-International Development Association and the North American Development Bank (Subcommittee on International Monetary Policy and Trade)	May 2, 2002
107-69	Recovering Dictators' Plunder (Subcommittee on Financial Institutions and Consumer Credit)	May 9, 2002
107-70	European Union's Financial Services Action Plan and its Implications for the American Financial Services Industry (Full Committee)	May 22, 2002
107-71	One Broker Gone Bad: Punishing the Criminal, Making Victims Whole (Subcommittee on Oversight and Investigations)	May 23, 2002
107-72*	Insurance Regulation and Competition for the 21st Century (Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises)	June 4, 11, and 18, 2002
107-73	Fighting Discrimination Against the Disabled and Minorities Through Fair Housing Enforcement (Subcommittee on Financial Institutions and Consumer Credit and the Subcommittee on Oversight and Investigations)	June 25, 2002
107-74*	Wrong Numbers: the Accounting Problems at WorldCom (Full Committee)	July 8, 2002
107-75	Treasury's Policy on Housing GSEs (Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises)	July 16, 2002
107-76*	Conduct of Monetary Policy (Full Committee)	July 17, 2002
107-77	Mold: A Growing Problem (Subcommittee on Oversight and Investigations and the Subcommittee on Housing and Community Opportunity)	July 18, 2002
107-78*	Expected Authorization Requests on the U.S. Participation in the International Development Association and the African Development Fund (Subcommittee on International Monetary Policy and Trade)	July 19 and 25, 2002
107-79	OFHEO Risk-Based Capital Stress Test for Fannie Mae and Freddie Mac (Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises)	July 23, 2002
107-80*	H.R. 3424, the Community Choice in Real Estate Act (Subcommittee on Financial Institutions and Consumer Credit)	July 24, 2002
107-81*	Erosion of Communities and Home Values by Leaking Underground Storage Tanks (Subcommittee on Housing and Community Opportunity)	September 12, 2002
107-82*	Technical Assistance and Capacity Building Programs to Promote Housing and Economic Development (Subcommittee on Housing and Community Opportunity)	September 17, 2002
107-83*	Terrorist Financing: A Progress Report on Implementation of the USA PATRIOT Act (Full Committee)	September 19, 2002
107-84*	H.R. 5414, the Check Clearing for the 21st Century Act (Subcommittee on Financial Institutions and Consumer Credit)	September 25, 2002
107-85*	Reforming the Real Estate Settlement Procedure: Review of HUD's Proposed RESPA Rule (Full Committee)	October 3, 2002
107-86*	Catastrophe Bonds: Spreading Risk (Subcommittee on Oversight and Investigations)	October 8, 2002

\*Not yet in print.

PART B

Committee Prints

Serial No.	Title
107-A	Rules of the Committee on Financial Services—February 2001. (Full Committee.)
107-B	Compilation of Securities Laws—March 2001. (Full Committee.)
107-C	Compilation of Basic Banking Laws—May 2001. (Full Committee.)

