

honor. Bobby was one of the few U.S. soldiers who was a prisoner of war twice. He was captured at the Battle of the Bulge in 1994 and was a German prisoner of war. He then escaped, but was recaptured. For his bravery, Bobby was awarded numerous medals and honors including: the Silver Star, two Bronze Stars, four Purple Hearts, a P.O.W. medal, the American Campaign medal, the World War II Victory medal, and the European African Middle Eastern Campaign medal.

Following the war, he continued to serve our country as commander of the Veterans of Foreign Wars Post, 3181, in Florence and as State commander of VFW in 1951.

Many around South Carolina remember Bobby best from his racing days. In 1950, he ran the first stock car in the first Southern 500 in Darlington. He was also one of the original owners of the Darlington International Raceway and past member of the board of directors.

Bobby was an auto dealer from the 1950's through the mid-1960's. In the Pee Dee, you can still spot an Oldsmobile from Griffin Motors that Bobby probably sold. After retiring from the car company, as a vice president, he spent many years in Myrtle Beach as a real estate developer.

Madam President, I would like to extend my thoughts and prayers to Bobby Griffin's friends and family. We will all miss him every much.

#### REPORT RELATIVE TO IRANIAN PETROLEUM RESOURCES—MESSAGE FROM THE PRESIDENT—PM 33

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Banking, Housing, and Urban Affairs.

#### *To the Congress of the United States:*

Pursuant to the section 204(b) of the International Emergency Economic Powers Act (50 U.S.C. 1703(b)) and section 301 of the National Emergencies Act (50 U.S.C. 1631), I hereby report that I have exercised my statutory authority to declare a national emergency to respond to the actions and policies of the Government of Iran and to issue an Executive order prohibiting United States persons from entering into contracts for the financing of or the overall management or supervision of the development of petroleum resources located in Iran or over which Iran claims jurisdiction.

The Secretary of the Treasury is authorized to issue regulations in exercise of my authorities under the International Emergency Economic Powers Act to implement these prohibitions. All Federal agencies are also directed to take actions within their authority to carry out the provisions of the Executive order.

I am enclosing a copy of the Executive order that I have issued. The order is effective at 12:01 a.m., eastern standard time, on March 16, 1995.

I have authorized these measures in response to the actions and policies of Iran including support for international terrorism, efforts to undermine the Middle East Peace Process, and the acquisition of weapons of mass destruction and the means to deliver them. We have worked energetically to press the Government of Iran to cease this unacceptable behavior. To that end we have worked closely with Allied governments to prevent Iran's access to goods that would enhance its military capabilities and allow it to further threaten the security of the region. We have also worked to limit Iran's financial resources by opposing subsidized lending.

Iran has reacted to the limitations on its financial resources by negotiating for Western firms to provide financing and know-how for management of the development of petroleum resources. Such development would provide new funds that the Iranian Government could use to continue its current policies. It continues to be the policy of the U.S. Government to seek to limit those resources and these prohibitions will prevent United States persons from acting in a manner that undermines that effort.

WILLIAM J. CLINTON.

THE WHITE HOUSE, March 15, 1995.

#### MESSAGES FROM THE HOUSE

At 12:04 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following bill, without amendment:

S. 377. An act to amend a provision of part A of title IX of the Elementary and Secondary Education Act of 1965, relating to Indian education, to provide a technical amendment, and for other purposes.

#### MEASURES REFERRED

The following bills were read the first and second times by unanimous consent and referred as indicated:

H.R. 402. An act to amend the Alaska Native Claims Settlement Act, and for other purposes; to the Committee on Energy and Natural Resources.

H.R. 531. An act to designate the Great Western Scenic Trail as a study trail under the National Trails System Act, and for other purposes; to the Committee on Energy and Natural Resources.

H.R. 536. An act to extend indefinitely the authority of the Secretary of the Interior to collect a commercial operation fee in the Delaware Water Gap National Recreation Area, and for other purposes; to the Committee on Energy and Natural Resources.

H.R. 562. An act to modify the boundaries of Walnut Canyon National Monument in the State of Arizona; to the Committee on Energy and Natural Resources.

H.R. 694. An act entitled the "Minor Boundary Adjustments and Miscellaneous Park Amendments Act of 1995"; to the Committee on Energy and Natural Resources.

H.R. 715. An act to amend the Central Bereng Sea Fisheries Enforcement Act of 1992 to prohibit fishing in the Central Sea of Okhotsk by vessels and nationals of the United States; to the Committee on Commerce, Science, and Transportation.

The following concurrent resolutions were read, and referred as indicated:

H. Con. Res. 34. A concurrent resolution authorizing the use of the Capitol Grounds for the Ringling Bros. and Barnum & Bailey Circus Anniversary Commemoration; to the Committee on Rules and Administration.

H. Con. Res. 39. A concurrent resolution expressing the sense of the Congress regarding Federal disaster relief; to the Committee on Governmental Affairs.

#### MEASURES PLACED ON THE CALENDAR

The following measures were read the second time and placed on the calendar:

H.R. 956. An act to establish legal standards and procedures for product liability litigation, and for other purposes.

H.R. 988. An act to reform the Federal civil justice system.

#### EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-527. A communication from the Under Secretary of Defense, transmitting, pursuant to law, the report of a violation of the Antideficiency Act, case number 93-51; to the Committee on Appropriations.

EC-528. A communication from the Under Secretary of Defense, transmitting, pursuant to law, the report of a violation of the Antideficiency Act, case number 95-9; to the Committee on Appropriations.

EC-529. A communication from the Deputy Secretary of Defense, transmitting, pursuant to law, the report on the C-17 program; to the Committee on Armed Services.

EC-530. A communication from the Director of Defense Research and Engineering, transmitting, pursuant to law, the report on the Federally Funded Research and Development Center for fiscal year 1996; to the Committee on Armed Services.

EC-531. A communication from the Under Secretary of Defense, transmitting, pursuant to law, the report of a Department of Defense implementation plan; to the Committee on Armed Services.

EC-532. A communication from the Secretary of Defense, transmitting, pursuant to law, the annual report for calendar year 1994; to the Committee on Armed Services.

EC-533. A communication from the Under Secretary of Defense, transmitting, pursuant to law, the report of a violation of the Antideficiency Act, case number 92-10; to the Committee on Appropriations.

#### INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. DORGAN:

S. 557. A bill to prohibit insured depository institutions and credit unions from engaging

in certain activities involving derivative financial instruments; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. LEVIN:

S. 558. A bill for the relief of Retired Sergeant First Class James D. Benoit, Wan Sook Benoit, and the estate of David Benoit, and for other purposes; to the Committee on the Judiciary.

By Mr. SIMPSON:

S. 559. A bill to amend the Lanham Act to require certain disclosures relating to materially altered films; to the Committee on the Judiciary.

By Mr. DASCHLE:

S. 560. A bill to amend section 6901 of title 31, United States Code, to entitle units of general local government to payments in lieu of taxes for nontaxable Indian land; to the Committee on Indian Affairs.

By Mr. CHAFEE:

S. 561. A bill to authorize the Secretary of Transportation to issue a certificate of documentation with appropriate endorsement for employment in the coastwise trade for the vessel *Isabelle*, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. GRAMM (for himself and Mr. SHELBY):

S. 562. A bill to provide for State bank representation on the Board of Directors of the Federal Deposit Insurance Corporation, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. GREGG:

S. 563. A bill to amend the Internal Revenue Code of 1986 to treat recycling facilities as exempt facilities under the tax-exempt bond rules, and for other purposes; to the Committee on Finance.

By Mr. BIDEN:

S. 564. A bill to confer and confirm Presidential authority to use force abroad, to set forth principles and procedures governing the exercise of that authority, and thereby to facilitate cooperation between the President and Congress in decisions concerning the use or deployment of United States Armed Forces abroad in situations of actual or potential hostilities.

By Mr. ROCKEFELLER (for himself, Mr. GORTON, Mr. MCCONNELL, Mr. LIEBERMAN, Mr. DODD, Mr. PRESSLER, Mr. HATCH, Mr. EXON, Mr. INHOFE, Mrs. HUTCHISON, and Mr. CHAFEE):

S. 565. A bill to regulate interstate commerce by providing for a uniform product liability law, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. AKAKA (for himself and Mr. INOUE):

S. 566. A bill for the relief of Richard M. Sakakida; to the Committee on Armed Services.

By Mrs. BOXER:

S. 567. A bill to amend the Internal Revenue Code of 1986 to allow the casualty loss deduction for disaster losses without regard to the 10-percent adjusted gross income floor; to the Committee on Finance.

## STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. DORGAN:

S. 557. A bill to prohibit insured depository institutions and credit unions from engaging in certain activities involving derivative financial instruments; to the Committee on Banking, Housing, and Urban Affairs.

THE DERIVATIVES LIMITATION ACT OF 1995

• Mr. DORGAN. Mr. President, today I reintroduce my legislation called the

Derivatives Limitation Act to prohibit banks and other federally insured financial institutions from engaging in risky, speculative derivatives trading on their own accounts. In my judgment such proprietary trading involves a degree of risk that is totally out of step with safe banking practices.

Last year, the General Accounting office [GAO] issued a major report raising a red flag about the risks of derivatives trading. Since this report, a number of financial institutions and other derivative investors have suffered enormous losses totaling billions of dollars. Because of tremendous growth of the derivatives market, which is now estimated at \$35 billion worldwide, a major default, *Fortune* magazine said, could ignite a chain reaction that runs rampant through the financial markets in the United States and overseas. "Inevitably, that would put deposit insurance funds, and the taxpayers behind it, at risk."

Most of us know that derivatives are essentially a form of gambling. Derivatives may be the most complicated financial device ever, contracts based on mathematical formulas, involving multiples and interwoven bets on currency and interest rates and more in a burgeoning galaxy of permutations. Generally, investors stake a position that interest rates, or the dollar, or commodities, or whatever, will rise or fall. Up to a point, this is simply a form of hedging risk. Some businesses including banks have hedged in this manner for many years, and my bill would not affect these traditional and conservative hedging transactions.

Far from hedging, some of largest players speculating in the derivatives game are banks. Three New York banks are into this market for over \$6 trillion alone. All of these banks have federal deposit insurance. The purpose of my bill is to ensure that the banks don't have to use it to cover losses on derivatives trading for their own accounts.

The importance of preventing banks from gambling on risky derivatives is highlighted by the recent collapse of Barings PLC in London. As everyone knows, a 28-year-old trader for Barings Bank engaged in a speculative trading binge in the derivatives market. His actions have resulted in at least a \$1 billion loss to Baring PLC, wiping out all of its capital and throwing it into insolvency. It is still unclear whether the failure of Barings will trigger others problems for the global financial markets.

This is not an isolated problem affecting a single foreign institution. The list of U.S. companies that have suffered from derivative losses is impressive, and is still growing. For example, our regulators were recently forced to take over Capital Corporate Credit Union [CapCorp], a large corporate credit union, because it loaded up on derivatives called collateralized mortgage obligations [CMO's] which soured over the past year. The General Ac-

counting Office attributed CapCorp's failure, in part, to its inappropriate investment strategy and poor regulatory oversight.

We can't ignore the lessons to be learned from both Barings and CapCorp, or others hurt by derivatives like Orange County, CA, Piper Jaffray and Procter & Gamble. Banks, thrifts, and credit unions ought not be allowed to gamble on derivative investments because of the potential exposure to the deposit insurance fund. In my judgment, this financial roulette wheel is at odds with everything we know about sound banking principles.

I think that yesterday's Washington Post op-ed piece on derivatives called "Lessons from Barings" also makes a strong case for my legislation. It correctly states that "if banks are to be allowed to trade on their own accounts, with their own money—as Barings was doing in Singapore—that operation needs to be absolutely segregated from the part of the bank that takes insured deposits from the public." And my bill accomplishes this by prohibiting banks and other insured institutions from gambling with derivatives on their own accounts. It exempts derivatives activity that is conducted in separately capitalized affiliates operating without the protection of the deposit insurance safety net.

Again, let me point out that not all derivatives are bad. Some are important to lower capital costs and reduce interest and other financial risks. That's why I do not cover traditional hedging transactions under my legislation.

But, it's been clear to me that highly leveraged speculation by large, federally insured banks on price changes and the like is not healthy for our economy. It also threatens the long-term stability of the financial markets and to continued viability of the deposit insurance fund system.

Of course, what individual investors knowingly do with their own money is their own business. But when financial institutions are setting up what amount to keno pits in their lobbies, it's something that should concern us all. I hope my colleagues will cosponsor this important legislation.

Mr. President, I ask unanimous consent that a summary of the bill be printed in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

### SUMMARY OF THE DERIVATIVES LIMITATION ACT OF 1995

#### I. SHORT TITLE.

The act may be cited as the Derivatives Limitations Act of 1995.

#### II. INSURED DEPOSITORY INSTITUTIONS

##### (1) General Prohibition—

Except as provided below, the legislation prohibits any bank, thrift or credit union and any affiliate of such insured depository institution from engaging in any transaction involving a derivative financial instrument for the account of that institution or affiliate.