

"Maine actually has a more avid hockey following. Understandable. It's watch hockey or get back to the lumberjack matchups. Shawn Walsh's team also came here hoping to take care of business. After falling behind, 3-0, the Black Bears closed within a goal on strikes by Tim Lovell and Trevor Roenick.

But Maine showed the fatigue of Thursday's triple-overtime win over Michigan. Forty-eight hours didn't give the Black Bears enough time to recover. Tired legs and shortcomings on defense brought them up short.

"Short shifts," read the message board in the Maine dressing room. "Short passes, Stop and start." In other words, economize, don't get into a pass-and-shoot game with a BU team that had rattled off nine straight wins. Don't trade punches with a club that won the Beanpot and the Hockey East title. In the end, it was a breakdown, a pass picked off, that buried the Bears. Bruins prospect Shawn Bates broke over the line on a two-on-one, dished right to Milk Sylvia, and BU had a 4-2 lead with 5:23 gone in the third.

"A killer," said Walsh. "It was like someone put a stake right through our heart."

The BU dressing room was surprisingly low key. Mike Grier (how come no one calls him Big Country?) packed his red-and-white bag and slung it over his shoulder on his way to catch the bus. One by one, his teammates followed, quietly, smiling on cue when asked how it felt to be the greatest college hockey team in the USA.

"Feels great," said Grier. "I don't think I can describe yet how it feels, but it feels great."

"I'm tired," said Bates, slumping in a chair for a TV interviews. "This is great. This is everything we wanted."

Be careful today if you drive by the BU bridge. Ease off the pedal some if you pass the dorms around 700 Comm. Ave, or the cozy apartments along Bay State Road. The partying promised to be long and hard. Red eyes and slow steps will be the order of the day.

Boston has a champion this morning. We know it often doesn't get better than that.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. I think we are still awaiting one phone call before, hopefully, we can reach an agreement. I do not want to miss this opportunity to talk about the University of Kansas Jayhawks. [Laughter.]

Mr. BUMPERS. The majority leader will be proud in knowing that I actually picked Kansas to be in the final four in the office pool.

Mr. DOLE. So did I. [Laughter.]

But I think it is fair to say I certainly agree with the comments made by both Senators from Arkansas. It is an outstanding team, outstanding coach. Senator PRYOR indicated the momentum did go back and forth. It was tied, two behind, one ahead. It was one exciting game.

I know it is a lot more fun winning. We have all experienced that from time to time. But I do think it says a lot about the coaches, a lot about the fans, primarily a lot about the young men who were involved in not only the Final Four but the Sweet 16, the whole group. They have all done an outstanding job. I know we are all proud of our respective teams.

ORDER OF PROCEDURE

Mr. DOLE. Mr. President, the Senator from Ohio wants to make what looks like an address to me. Will the Senator from Ohio have any objection if we reach an agreement we can interrupt to get the agreement?

Mr. GLENN. I just want to submit a bill and give a speech. I can stop in the middle.

Mr. DOLE. Why do you not go ahead. The PRESIDING OFFICER. The Senator from Ohio.

Mr. GLENN. Mr. President, I ask unanimous consent to proceed as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GLENN. I thank the Chair.

(The remarks of Mr. GLENN pertaining to the introduction of S. 669 and S. 670 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. PRYOR. Mr. President, speaking of protections that should be given to people—in fact, last Tuesday, 1 week ago, I introduced the Bank Customer Confidentiality and Protection Act of 1995, which became S. 663.

This legislation was crafted to address problems in the area of bank sales of uninsured products, such as mutual funds identified during an investigation conducted by my staff on the U.S. Special Committee on Aging.

After hearing the stories of numerous older Americans specifically, who claim they did not know what they were buying when they purchased an uninsured product through their bank and then lost much of their life savings, I am today convinced that more stringent protections are needed to ensure that financially inexperienced bank customers fully understand what they are buying when they invest in uninsured accounts.

Mr. President, I have a series of stories today. I am trying to put human faces and human concerns together with statistics. This is a letter I received on November 11, 1994. Let us just call our friend who wrote me "Dick." This legislation today is intended to help financially inexperienced bank customers such as this man, a 64-year-old retired priest and a Vietnam veteran.

By last year, Dick had saved \$3,000 for a cruise that he wanted to take 2 years in the future when he retired. In fact, I believe in his letter he states that he wants to take this cruise sometime in late 1995. He had always put his money in savings accounts and in CD's at this particular bank. He had never invested before in a mutual fund or in any other uninsured product. After all, he is a former priest and he never had a lot of money laying around.

When he went into his bank he told the worker there that he wanted to put his money in a safe account. They did the opposite. They put this man's money in an uninsured bond fund that lost hundreds of dollars by the end of the year. Dick told our staff that had

he known this was an uninsured product, he would never have given the bank this money. Now he may not ever be able to go on that cruise that he had dreamed of.

Now I want to tell you, Mr. President, how this man and other inexperienced older customers ended up buying uninsured products. We say, How could that happen? How could any individual be led to buy a product that was uninsured?

The truth is that some banks have elaborate sales systems set up to sell securities such as mutual funds to any customer who will buy them. They have other types of funds.

Let me show you how these particular uninsured products, and the sales systems, work at some of our banks. Perhaps it is the bank that the Presiding Officer banks with. Perhaps it is the bank that I bank with.

Our customer case is Mrs. Jones. This is a true case of a 77-year-old widow who never put her money in anything but insured products like CD's. Our other cast members include Sally, who is Mrs. Jones' teller of many years in the bank where she banked. The cast of characters also includes David, a broker who was with the bank's brokerage subsidiary.

Teller No. 12 is Sally. She has identified a customer, Mrs. Jones, with a high amount of CD's coming due who, "came in today and wasn't sure what she would do with her money." She tells the broker about Mrs. Jones having these CD's coming due. Sally, the teller, is so excited because she gets a commission on referrals to the bank's brokerage arm. So Sally prints out a copy of Mrs. Jones' account history.

There is Mrs. Jones' account history. She sends it over to David across the hall, one of the brokers working at her branch. If Sally makes more referrals than her coworkers, she could win a prize, even a trip to Las Vegas.

Mrs. Jones is not the only bank customer whose records are shared with brokers without the customer's explicit knowledge and consent. In fact, my staff has seen proof that this practice is very widespread. For example, our staff has seen evidence that brokers have access to the banking records of a very, very high ranking U.S. Government official and those of a famous actor, which have been shared with many other people.

Until we started this investigation I had never heard of blitz night.

Some banks hold contests to see which of their tellers and customer service representatives can get the most bank customers into the bank to talk to a securities salesperson. Depository institution employees, who are winners of the blitz telephone calling contest, can now win unimaginable wealth.

Sally the teller, for example, participates in blitz night. Mrs. Jones, the 77-year-old bank customer, is contacted during one of these contests.

This basically spells it out for the bank employees, advertising: Blitz night, unimaginable wealth, fabulous prizes—for what? For making referrals to the bank's own broker who would then try to lure from CD accounts, Mrs. Jones and her type, to put their funds in uninsured funding properties.

When Sally the teller calls Mrs. Jones, Sally tells Mrs. Jones that she is calling from her branch bank, from Mrs. Jones' bank for many years. They know each other. So, from the start, Mrs. Jones associates the uninsured products that she will hear about later with what she knows about her depository institution. Such is the fact that she feels secure taking the advice from the people who work there, and the fact that she never has lost any money there in this bank in the past. Since it is somebody at her depository institution or her bank calling, Mrs. Jones figured that she would make an appointment as Sally suggests.

Now we are going to demonstrate how some of the brokers who are associated with the banks are trained to operate. In a moment I will show a document related to one bank's training program for brokers. First let me make a few important points about the documents. The following bank uninsured product sales system charts are an enlargement of selected pages from one large bank's training manual, used to train bank-based brokers as recently as last year. This is not something that was going on 10 or 20 or 30 years ago. It went on as recently as last year. And, Mr. President, it is going on this year.

Not all banks that sell securities did or do use this sort of training manual. However, our investigations suggest that more than a few banks use similar sales techniques. These charts that we will see represent just one example of how some banks have sales systems that, while not illegal necessarily, do tend to contribute to customer confusion. These training manuals are for the bank's internal purposes only and they are not ever seen by the public. They are not ever seen by Mrs. Jones, the potential customer. Thus, what the broker actually tells each customer varies from customer to customer.

Some representatives of the banking community have pointed out to me that, despite what a customer is told by a broker, all customers are required to sign a written disclosure form when they purchase an uninsured product. However as I explained in the statement I made on the floor last Tuesday, these written disclosure forms commonly do not help financially inexperienced customers fully understand what they are purchasing.

When Mrs. Jones comes into the bank in a few days and talks to somebody about getting higher rates on her money, there are things that cause Mrs. Jones to not totally understand the distinction between the depository institution and the brokerage business which might be just a few steps away.

These things which confuse Mrs. Jones include:

The bank has an FDIC emblem on the bank's doors.

The location of the broker's desk was near where Mrs. Jones had opened her CD account just last year.

The use of the bank's name and the bank's logo on the uninsured product's marketing material.

And, perhaps most importantly, Mr. President, what the broker tells Mrs. Jones about her investment.

This is a "person commercial" we see here, presented by Mrs. Jones' new broker named David. It makes it sound as if the only difference between the bank's brokerage business and the bank's depository business is some separation on paper for "tax reasons."

Another thing I would like to point out is that the broker tells Mrs. Jones that his "recommendations are on the best approaches available to investors today." However, in this particular case, David, the broker, receives a higher commission—this is very important—if he recommends one of the bank's inhouse mutual funds that are not insured by the Federal Government. This means that David has the incentive to push the bank's product regardless of its suitability for Mrs. Jones.

Let us talk about how the broker and the bank sometimes downplay the fact that the broker's products are not backed by the FDIC. Let us take Mrs. Jones once again. She is in ill health. She is 77. She is a widow. She knows that she is going to need that money eventually. So she asks the securities salesperson whether the investment he is offering—mutual funds, in this case—is insured by the FDIC. To Mrs. Jones, the FDIC seal that she saw in the bank is analogous to a "Good Housekeeping Seal of Approval."

This particular chart shows us what the broker, David, was trained to tell her. David does not tell her that the investment product is not insured by the FDIC, it is not insured by anything else, or that she could lose all of her money.

These are his talking points about which he is talking on the phone or in person with a potential customer like Mrs. Jones.

For example, he says, "With this investment, you can earn \$10,000 more in income over the next 5 years. This will go a long way toward providing you with a more comfortable retirement. Don't you agree?"

Then the next thing that he is instructed to ask, from instructions in his private book from the bank: "Ask for the order!" Once the order is given, and it is not FDIC insured, then a commission—a handsome commission, I might say—is paid to the broker and to the teller who made the reference of Mrs. Jones' case or her interest to buy some additional securities to the broker.

How do you change the mind, or how are these brokers and personnel taught

to change the mind of a customer who only wants to purchase a CD? Even though she may now think that the uninsured mutual fund is backed by the FDIC, Mrs. Jones becomes wary and she tells the broker, David, "I am not interested in anything but CD's."

Then the broker might say—once again, this is the sales system supplied by the bank and used by the broker to get money from CD's through the bank's own financial product, in this case, uninsured mutual funds—"If we could show you the way to cut your taxes hundreds or thousands of dollars a year, would you have some interest in learning more?" These are the "three dynamite questions" right here below that the broker is instructed to utilize in luring this poor widow woman's funds from CD's into uninsured funds. We see that it sounds pretty good to someone who might be on a fixed income with no other person to advise her.

Now, it is not over. David keeps plugging away. The broker keeps plugging away. What he recommends that this lady buy is not some fund that is insured by the U.S. Government. But now the bank has contrived a new name for a new fund for people just like this. Guess what the name of that fund is, Mr. President? It is called "U.S. Government Fund." And it says, "This is a mutual fund portfolio of securities issued by the United States Government and its agencies. The U.S. Government Fund currently pays a dividend of [blank] percent," and it goes on explaining the U.S. Government Fund, which in no way is tied to, in no way is an entity of, or in no way is insured by the Government of the United States.

Mr. President, it is a fraud, and it is wrong, and we must now do something about it.

Look at the number of times that the "United States" and "U.S." is mentioned on this particular chart. While the customer might not ever see this document, it is clear that the brokers are encouraged with their instruction sheets to frequently mention the "United States" and the "United States Fund."

Now, Mr. President, we come to the point where the broker has to make his sale. The pressure is mounting. The customer is confused. And this chart shows that Mrs. Jones agrees to buy into the bank's proprietary "U.S. Government Bond Fund." Once again, it is not insured, not a Government fund, but only named the "U.S. Government Bond Fund."

Mrs. Jones may have been convinced that the product was right for her, or she may be just deferring to David, who is part of the institution that she trusts so much, her bank, with the FDIC seal in the window. While Mrs. Jones is going to be asked to sign a disclosure form, this may not and probably will not help her realize that this product is probably not the right product for her.

More than a few financially inexperienced bank customers have told our committee staff that when they looked over the disclosure forms, they did not understand what they read. These customers typically would then ask the investment sales people to interpret the forms for them. In these cases, the sales people told their customers that the documents were just a "formality" to open the account, or that the form simply was stating what the sales people had told the customers.

It is not hard to identify the problem because the problem is, in some cases, the brokers have made misleading, false statements about the nature of the uninsured products when they describe them, such as, "This is as safe as the money in your pocket, and you will only lose money if the Federal Government goes bankrupt," or, "It is backed by something better than the FDIC."

Finally, the legislation that I introduced last Tuesday, which was crafted after numerous meetings with industry and consumer groups, would provide needed consumer protections for financially inexperienced customers. This legislation would provide protections to financially inexperienced bank customers by, one, full and clear disclosure about the risks associated with uninsured products; by establishing limits to compensation that institution employees receive for making referrals to securities sales people. Remember the case of Sally, Mr. President, our bank teller who got a nice commission by referring Mrs. Jones' private banking records and situation to a broker across the aisle from her; and to establish guidelines for uninsured products and promotional materials; common sense physical separation of deposit and nondeposit sales products would be another area of this legislation; and fifth, Mr. President, we would end in my legislation the practice of sharing bank customers' personal financial information without the customer's explicit consent; and finally, Mr. President, we would increase the coordination of securities enforcement activities between the Federal banking agencies and the Securities and Exchange Commission.

I am very hopeful that this will begin a dialog in which we will find as an end result a cure for this particular problem that we are addressing today in the Senate. It is a problem, we think, of severe magnitude. It is a problem which has not risen to the height of many of the concerns we have expressed here in recent months, but we do think this is a concern which should be addressed and should be one of protections that we should ensure for those potential customers of uninsured bank products such as mutual funds and certain bond funds that are uninsured.

Finally, Mr. President, if we do it for no other category of our population, let us do it for those individuals like Mrs. Jones, that 77-year-old widow who has no one to lean on, no advice, no ad-

viser, and truly finds herself in the grips of, in my opinion, unethical salespersons, unethical brokers, and people who are interested only in making certain that they receive a nice fat commission in selling Mrs. Jones uninsured bank products which truly may wipe out all of her assets.

Mr. President, I see no other speakers or Senators seeking the floor. I wish to thank the Chair, and at this time I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Ms. MOSELEY-BRAUN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

GAO REPORT AND THE NATIONAL EDUCATION TECHNOLOGY FUNDING CORPORATION

Ms. MOSELEY-BRAUN. Mr. President, I rise today to present the results of the second in a series of five very important studies being conducted by the General Accounting Office on the condition of America's schools and to announce the creation of the National Education Technology Funding Corporation.

I first became aware of the problems facing our Nation's education infrastructure while serving in the Illinois House of Representatives. Throughout my 10 years in office, I visited school districts across the State and witnessed the deteriorating condition of public school facilities in both rural and urban districts alike.

Yet, it was not until I began working on education legislation in the U.S. Senate that I learned that the Federal Government had not collected data on the condition of our Nation's public school facilities since 1965.

GAO REQUEST

Knowing that my efforts to improve our Nation's education infrastructure would be limited by insufficient data, I sent a letter to the General Accounting Office last year, which was cosigned by Senators KENNEDY, PELL, SIMON, and WELLSTONE, requesting a comprehensive, nationwide study on the condition of our Nation's public school facilities.

In responding to my request, the General Accounting Office surveyed a random sample of our Nation's 15,000 school districts and 80,000 public schools from April to December 1994. GAO staff members also visited 41 schools in 10 school districts across the country to supplement their quantitative data with personal observations. Based on responses from 78 percent of the schools sampled, GAO began preparing five separate reports on the condition of our Nation's public schools.

FIRST GAO REPORT

The first GAO report, which was released on February 1, 1995, examined

the education infrastructure needs of our Nation's public elementary and secondary schools. As expected, this report made clear what most of us already knew; that our schools are deteriorating and we need to fix them.

The GAO report concluded that our Nation's public schools need \$112 billion to restore their facilities to good overall conditions; that is to say, without code violations and the like. This was not decorating issues—good overall conditions.

Of this amount, the GAO found that public schools needed \$11 billion just to meet the Federal requirements—including \$6 billion to make all programs accessible to all students and \$5 billion to correct or remove hazardous substances.

And so the first report focused in on the basic facility infrastructure needs and reached the conclusion that we needed \$112 billion just to get our schools up to code, removed of health and safety violations and threats to the students.

SECOND GAO REPORT

The second GAO report, which was released today, focuses on our Nation's education technology infrastructure needs. Once again, this report concludes that our Nation's public schools are not designed or sufficiently equipped to prepare our children for the 21st century. And that is actually the name of it: "School Facilities: America's Schools Not Designed or Equipped for the 21st Century." It is a pretty devastating title for the report itself, and this was a serious study that was done by the GAO.

More specifically, the GAO report found that more than half of our Nation's public schools lack six or more of the technology elements necessary to reform the way teachers teach and students learn including: computers; printers; modems; cable TV; laser disc players; VCR's; and TV's.

In fact, the GAO report found that even more of our Nation's schools do not have the education technology infrastructure necessary to support these important audio, video, and data systems. For example, this report concludes that: 34.6 percent of schools lack sufficient electrical power for computers; 46.1 percent lack sufficient electrical wiring; 51.8 percent lack sufficient computer networks; 60.6 percent lack sufficient conduits and raceways; 86.8 percent lack fiber-optic cable; 61.2 percent lack sufficient phone lines for instructional use; and 55.5 percent lack sufficient phone lines for computer modems.

Mr. President, the General Accounting Office further examined these national statistics and confirmed our worst fears: that the availability of education technology in our Nation's public schools is directly correlated with community type, the percentage of minority students, and the percentage of economically disadvantaged students.