

planning may allow clients to secure favorable tax treatment for any expenditures they incur in fixing the problem.

And at least one suit seeking damages for an alleged inability of a computer to recognize dates after the year 2000 has already been filed. Produce Palace International Inc., which operates a grocery store in Warren, Mich., claims in a suit filed in state court in Macomb County, Mich., that cash registers it purchased in 1995 aren't capable of reading credit cards with expiration dates after the year 1999. The suit names TEC America Inc. of Atlanta and All American Cash Register Inc. of Inkster, Mich., as defendants.

Mark Yarsike, who owns Produce Palace, says he was dismayed to discover a problem with the high-tech cash registers, which cost \$150,000 and are capable of tracking inventory, among other things. The entire network crashes, he says, whenever a customer tries to use a credit card with an expiration date later than 1999. Mr. Yarsike is seeking \$10,000 in damages.

TEC denies that its system is flawed and has filed a cross-complaint against All American Cash Register, which installed the machines, claiming that any problems were caused during installation and maintenance. A lawyer for All American Cash Register declined to comment.

Ms. Manaldi, the attorney for TEC, notes that the lawsuit has received a lot of media attention for being possible the first to make a year 2000 claim and calls the allegations about a millennium bug a stunt to generate publicity. Produce Palace's attorney, Brian P. Parker of Bingham Farms, Mich., defends the action. "I just wrote the complaint based on what [my client] was telling me," he says. "A lot of lawyers are salivating over this. I'm not into that."

[From the Wall Street Journal, Nov. 6, 1997]
CPA GROUP TO ISSUE GUIDELINES ON COSTS OF
YEAR 2000 BUG

(By Elizabeth MacDonald)

The American Institute of Certified Public Accountants will issue guidelines today advising auditors on how to push corporations to disclose and account for year-2000 costs.

Computer experts say the year-2000 software bug, by causing systemwide failures when the clock strikes midnight on New Year's Eve in 1999, could cost billions of dollars to fix. At that time, many computers will read "00" as 1900 instead of 2000 and subsequently process data incorrectly or shut down altogether.

The problem is many companies have yet to address the issue, and the accounting industry is getting anxious. The new "tool kit" by the accounting industry's largest trade group summarizes all of the year-2000 accounting, disclosure and auditing standards now in place and describes companies' and auditors' responsibilities in reporting the associated costs.

The guidelines state that auditors must get "reasonable assurance" from corporate-audit clients that their financial statements "are free of material misstatements" involving likely year-2000 problems and how much it will cost to fix them. "Material misstatements," such as inflated inventories, could prompt companies to overstate or understate profits.

Under the guidelines, however, auditors need to get the assurances only for these material misstatements, errors that some accounting experts say could result in losses of about 10% or more of a company's pretax profit. "Auditors could argue that they're not liable for smaller losses resulting from the year-2000 problem because the amounts are not material," says J. Edward Ketz, an associate professor of accounting at Pennsylvania State University's Smeal College of Business. "But if they don't detect a problem

that results in losses greater than 10% then they may be held responsible."

Last month, the Securities and Exchange Commission related disclosure guidelines that instruct companies to "consider" disclosing their year-2000 costs to investors in their annual reports or to indicate how the year-2000 problem might hurt future profits. The Financial Accounting Standards Board passed an accounting rule, which took effect last year, that lets companies immediately write off these costs.

But so far only a few corporations, including New England Power Co. and Equitable of Iowa Cos. have quantified their year-2000 costs and disclosed them in their quarterly reports, according to a study by the Analyst's Accounting Observer, a stock analysts' publication in Baltimore.

Auditors are afraid they could be hit with shareholder lawsuits if they don't flag the problem for corporate clients. Such suits could add to the Big Six accounting firms' \$30 billion in legal claims stemming from allegedly flawed audits. "That's why the profession is now publicizing what their responsibilities are, which could protect them against investor lawsuits," Prof. Ketz says.

Alan Anderson, chairman of AICPA's year-2000 task force, says, "Clearly, the year-2000 problem is not just an accounting issue but a business issue with global implications." Larry Martin, chairman of Data Dimensions Inc., a Bellevue, Wash., computer-consulting firm, says of the problem, "A third of the companies in this country will either fail or face significant reductions in their business operations."•

TRIBUTE TO DR. JOHN MURPHY

• Mr. McCAIN. Mr. President, I rise today to honor Dr. John E. Murphy of Tucson, AZ for serving as the 1997-98 president of the American Society of Health-System Pharmacists [ASHP]. ASHP is the national professional association which represents pharmacists practicing in various areas of the health care system, including hospitals, health maintenance organizations, long-term care facilities, home health care, and many other vital components of our Nation's health care system.

Dr. John Murphy resides in Tucson where he heads the department of pharmacy practice and science at the University of Arizona College of Pharmacy. He earned his B.S. and Pharm. D degrees at the University of Florida, and later served as a member of the faculty and as director of residencies at Mercer University School of Pharmacy in Georgia. He served as an ASHP board member and chair of its Legal and Public Affairs Council. He also served on many committees of the Arizona Society of Health-System Pharmacists.

John is recognized by his colleagues as a leader in the field of pharmacy education as he prepares today's pharmacy students for delivering effective and efficient health care in our Nation's complex and ever changing system. As President of ASHP, Dr. Murphy will guide the Nation's pharmacists as they develop new and innovative patient care methods.

It is my distinct honor to congratulate and honor John E. Murphy on his well-deserved achievement as the ASHP president. Dr. Murphy has made significant contributions to the Uni-

versity of Arizona, and I am confident that he will prove to be a successful leader for the American Pharmacy. •

1997 WORLD CITIZEN AWARD

• Mrs. MURRAY. Mr. President, I rise join the Washington World Affairs Council in congratulating Ambassador Booth Gardner on his selection as the 1997 recipient of the World Citizen Award.

The World Affairs Council is a 1,200 member nonprofit organization of business and community leaders with more than 40 years of experience bringing the world to Washington State. From the widely popular Public Programs, which includes the annual lecture series to the nationally recognized International Visitors Program, the World Affairs Council has been an instrumental force in bringing together varied and diverse cultures as well as exposing Washington State to changing political environments around the globe and the importance of international trade.

Booth Gardner was first elected to public office in 1972 where he served 3 years as a State senator followed by election as Pierce County Executive in 1980. In 1984, Booth Gardner realized his boyhood dream with his election to Washington's governorship. A widely popular Governor, Booth was re-elected to a second term in 1988.

As Governor of the most trade dependent State in the Nation, Governor Gardner was exposed on numerous occasions to the importance of international cooperation and negotiation. Trade missions to Europe and Asia allowed Governor Gardner to boost Washington's ties abroad creating new business, cultural, and educational opportunities.

After completing his second term, Governor Gardner was appointed by the newly elected President Clinton to become the first U.S. ambassador to the World Trade Organization. Assuming the much deserved title of Ambassador, Booth Gardner played a major role in shaping this important organization and particularly representing U.S. interests. Throughout his service to the WTO, he carefully balanced the needs of the United States with the goals of multilateral cooperation. Ambassador Gardner set the standard for U.S. participation at the WTO.

Congratulations Ambassador Booth Gardner. Your public service from Washington State to capital cities throughout the world makes all of Washington very proud. •

FEDERAL STATISTICAL ACT OF 1997

• Mr. BROWNBACK. Mr. President, yesterday Mr. MOYNIHAN, Mr. THOMPSON and Mr. KERREY joined me in introducing the Federal Statistical System

Act of 1997. This legislation will also be introduced in the House by Representatives HORN and MALONEY. This commonsense piece of legislation will improve the quality of an important function of the Federal Government while reducing its cost.

The current Federal statistical system is in disarray. There are more than 70 Federal agencies responsible for gathering and analyzing statistics. Many of these agencies expend resources attempting to gather the same information from the same sources. This duplication is unnecessarily burdensome on both taxpayers and respondents. Although a small group of people in the Office of Management and Budget [OMB] is nominally responsible for coordinating Federal efforts, no one in the Federal Government is held accountable for maintaining the quality of the Government statistics or overseeing the modernization of the statistical system.

The Federal Government spends \$2.6 billion each year to finance this thicket of Federal statistical programs. Yet, in spite of the resources we dedicate to gathering and analyzing statistics, Americans have lost confidence in the quality of Government data. For example, over the past several years, a debate has raged over the accuracy of the Consumer Price Index. According to the General Accounting Office, the 1990 census was inaccurate and the 2000 census is a high-risk project that may produce unsatisfactory data again. And, according to a recent Wall Street Journal article, the Department of Treasury is unable to account for the source of billions of tax receipts this year.

Mr. President, the Federal Statistical System Act of 1997 is a necessary first step to consolidate the Federal statistical system and improve the quality of Government data. This legislation would establish a Federal Commission on Statistical Policy to recommend how the Federal statistical system should be reorganized and streamlined, and to draft legislation to consolidate the three largest Federal statistical agencies—the Bureau of the Census, the Bureau of Labor Statistics, and the Bureau of Economic Analysis—into a single Federal Statistical Service.

After the Federal Statistical Service legislation is enacted, the commission shall then study and develop recommendations on which other Federal statistical organizations should be consolidated, eliminated or reorganized. The commission shall also make recommendations on issues regarding privacy of information collected by the Federal government, the use of statistical data in Federal funding formulas, and standards of accuracy of Federal data.

Finally, Federal Statistical System Act of 1997 will allow the Federal Government to reduce further the cost and improve the accuracy of statistical programs while reducing the reporting

burden on respondents. This will be achieved by certain agencies to share nonidentifiable statistical information, exclusively for statistical purposes. This provision will also ensure that existing avenues and limitations for public access to Government information under the Privacy Act of Freedom of Information Act are retained without change.

Mr. President, we cannot improve the effectiveness and reduce the cost of Government programs unless we have a firm grasp on the measures we use to implement and judge them. We cannot make an accurate assessment of our economic progress unless our relevant activity in today's economy is measured. Finally, we cannot make informed assessments on the state of our urban or rural areas and communities unless we have accurate and meaningful economic and social indicators. I believe Federal Statistical System Act of 1997 is an important first step in streamlining Government and improving the quality of Government information, and I urge my colleagues to support this measure. ●

HEROES SHINE IN NORTH DAKOTA FLOOD

● Mr. DORGAN. Mr. President, I rise today to draw the Senate's attention to some truly remarkable people, people whose work speaks volumes about what special people North Dakotans are.

As my colleagues in the Senate are well aware, one of the Nation's worst weather-related disasters this year was the devastating flooding in Grand Forks, ND, and the entire Red River Valley. This historic flood captured the attention of the Nation in late spring as over 95 percent of the residents of Grand Forks and East Grand Forks were evacuated from their homes and much of North Dakota's second largest city's downtown district was ravaged by fire and water.

History will have a dramatic record of the loss and devastation of the flood. The hardship and heartbreak endured by so many of our friends and neighbors will be forever etched into our memory.

But this year has also shown that North Dakota is a State blessed with wonderful and resilient people, and with real-life heroes. It's often said that difficult times bring out the best in people, and that certainly was the case in North Dakota. So now that a few months have passed since the waters have subsided, I would like to take a moment to reflect back on some of the many heroes, people that stepped up when their community needed them, whose efforts shined in the midst of the rising waters.

In a disaster, maintaining a working communication system is critical in fighting back and preserving the safety of those in the area. Today, I would like to recognize the efforts of several US West Communications employees

who worked tirelessly to maintain critical telephone service to the Grand Forks area throughout the flooding.

On April 19, 1997, before the flooding hit Grand Forks, a crew of nine central office technicians barricaded themselves into the US West building in the heart of the city to keep the area's communication systems up and running during the disaster. Their extensive preventive work to prepare for the flooding would soon be tested as the waters rushed into town. As the entire city was evacuated, their building was surrounded by 4 feet of water, and sat just one block away from a raging fire. But these brave men and women hung in and sustained phone service, service which was essential to the rescue and recovery efforts of the Federal Emergency Management Agency, the Federal Aviation Administration, State and local emergency workers, and so many others in the flooded region.

To give you an idea of the challenges facing each of these brave heroes, they labored alone, night and day to keep the wires dry as 26 inches of water threatened basement cables. Sustained by the food, clothing, and cots delivered via boat by the National Guard, these folks stayed on in a flooded town whose entire population had been ordered to leave. Armed with only high-volume pumps, drying machines, and sandbags, these courageous people kept the communications system working.

These heroes deserve to be recognized by name for their dedicated service. The members of the initial emergency team were: Denny Braaten, Linda Potucek, Larry McNamara, Bob Schrader, Dan Kaiser, Dale Andrews, Glenda Wiess, Rick Hokenson, and Lew Ellingson.

Two days later, US West reinforcements arrived to provide additional support and hard work. I would like to recognize these workers now: Don Jordan, Ray Jacobsen, Tim Kennedy, Roger Jones, Bruce Bengston, Gary Boser, Jim Falconer, Bion McNulty, Jack Olson, and Tim Rogers.

These people, along with the many others who volunteered and continue the rebuilding effort today, are part of the story of this year's flood that doesn't get told nearly enough, of people helping their neighbors in extremely hard circumstances, and of extraordinary acts of heroism performed by everyday people.

I can't express my admiration enough. ●

STRIPED BASS CONSERVATION ACT AMENDMENTS OF 1997

● Mr. CHAFEE. Mr. President, I rise today in support of H.R. 1658, the Atlantic Striped Bass Conservation Act Amendments of 1997. This legislation will allow the U.S. Fish and Wildlife Service and the National Marine Fisheries Service to continue their important work with the States to ensure the continued recovery of the striped bass fishery.