

(Mrs. FEINSTEIN) was added as a cosponsor of S. 805, a bill to amend title V of the Social Security Act to provide for the establishment and operation of asthma treatment services for children, and for other purposes.

S. 864

At the request of Mr. BINGAMAN, the names of the Senator from Illinois (Mr. FITZGERALD), the Senator from New York (Mr. MOYNIHAN), the Senator from Connecticut (Mr. LIEBERMAN), the Senator from New Jersey (Mr. TORRICELLI), the Senator from California (Mrs. BOXER), and the Senator from North Dakota (Mr. CONRAD) were added as cosponsors of S. 864, a bill to designate April 22 as Earth Day.

S. 890

At the request of Mr. WELLSTONE, the name of the Senator from Rhode Island (Mr. REED) was added as a cosponsor of S. 890, a bill to facilitate the naturalization of aliens who served with special guerrilla units or irregular forces in Laos.

S. 897

At the request of Mr. HAGEL, the name of the Senator from Montana (Mr. BURNS) was added as a cosponsor of S. 897, a bill to provide matching grants for the construction, renovation and repair of school facilities in areas affected by Federal activities, and for other purposes.

S. 901

At the request of Mr. BINGAMAN, the name of the Senator from West Virginia (Mr. ROCKEFELLER) was added as a cosponsor of S. 901, a bill to provide disadvantaged children with access to dental services.

S. 931

At the request of Mr. MCCONNELL, the name of the Senator from New Jersey (Mr. TORRICELLI) was added as a cosponsor of S. 931, a bill to provide for the protection of the flag of the United States, and for other purposes.

S. 956

At the request of Ms. SNOWE, the name of the Senator from Virginia (Mr. WARNER) was added as a cosponsor of S. 956, a bill to establish programs regarding early detection, diagnosis, and interventions for newborns and infants with hearing loss.

SENATE JOINT RESOLUTION 21

At the request of Ms. SNOWE, the names of the Senator from North Dakota (Mr. DORGAN), the Senator from Idaho (Mr. CRAIG), the Senator from California (Mrs. FEINSTEIN), and the Senator from Oklahoma (Mr. INHOFE) were added as cosponsors of Senate Joint Resolution 21, a joint resolution to designate September 29, 1999, as "Veterans of Foreign Wars of the United States Day."

SENATE CONCURRENT RESOLUTION 9

At the request of Ms. SNOWE, the names of the Senator from Maryland (Mr. SARBANES), and the Senator from South Dakota (Mr. JOHNSON) were added as cosponsors of Senate Concurrent Resolution 9, a concurrent resolu-

tion calling for a United States effort to end restrictions on the freedoms and human rights of the enclaved people in the occupied area of Cyprus.

SENATE CONCURRENT RESOLUTION 11

At the request of Mr. CAMPBELL, the name of the Senator from Alaska (Mr. MURKOWSKI) was added as a cosponsor of Senate Concurrent Resolution 11, a concurrent resolution expressing the sense of Congress with respect to the fair and equitable implementation of the amendments made by the Food Quality Protection Act of 1996.

SENATE RESOLUTION 59

At the request of Mr. LAUTENBERG, the name of the Senator from West Virginia (Mr. BYRD) was added as a cosponsor of Senate Resolution 59, a bill designating both July 2, 1999, and July 2, 2000, as "National Literacy Day."

SENATE RESOLUTION 96—TO EXPRESS THE SENSE OF THE SENATE REGARDING A PEACEFUL PROCESS OF SELF-DETERMINATION IN EAST TIMOR, AND FOR OTHER PURPOSES

Mr. LEAHY (for himself, Mr. FEINGOLD, Mr. REED, Mr. HARKIN, Mr. MCCONNELL, Mr. MOYNIHAN, and Mr. KOHL) submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. RES. 96

Whereas United Nations-sponsored negotiations between the Governments of Indonesia and Portugal have resulted in significant and encouraging progress toward a resolution of East Timor's political status;

Whereas on January 27, 1999, President Habibie expressed a willingness to consider independence for East Timor if a majority of the East Timorese reject autonomy in a planned August 8, 1999 ballot organized by the United Nations;

Whereas despite President Habibie's efforts to bring about a peaceful resolution of the political status of East Timor, the arming of anti-independence militias by some members of the Indonesian military has contributed to increased political tension and violence;

Whereas since January 1999, violence and human rights abuses by anti-independence militias has increased dramatically resulting in the displacement of thousands of East Timorese villagers and scores of deaths;

Whereas since March 1999, hundreds of civilians may have been killed, injured or disappeared in separate attacks by anti-independence militias;

Whereas there are also reports of killings of anti-independence militia members;

Whereas the killings in East Timor should be fully investigated and the individuals responsible brought to justice;

Whereas access to East Timor by international human rights monitors, humanitarian organizations is severely limited, and members of the press have been threatened;

Whereas a stable and secure environment in East Timor is necessary for a free and fair ballot on East Timor's political status;

Resolved, That it is the sense of the Senate that—

(1) the United States should promptly contribute to the United Nations Trust Fund which will provide support for the East Timor ballot process;

(2) the President, Secretary of State and Secretary of Defense should intensify their

efforts to urge the Indonesian Government and military to—

(a) disarm and disband anti-independence militias; and

(b) grant full access to East Timor by international human rights monitors, humanitarian organizations, and the press;

(3) the President, after consultation with the United Nations Secretary General, should report to the Congress not later than 15 days after passage of this Resolution, on steps taken by the Indonesian government and military to ensure a stable and secure environment in East Timor, including those steps described in subparagraphs (2) (a and b); and

(4) any agreement for the sale, transfer, or licensing of any military equipment for Indonesia entered into by the United States should state that the equipment will not be used in East Timor.

Mr. LEAHY. Mr. President, today I am submitting a resolution expressing the sense of the Senate regarding a peaceful process of self-determination in East Timor. I am joined by Senators FEINGOLD, REED, HARKIN, MCCONNELL, MOYNIHAN, and KOHL.

A year ago I doubt anyone would have predicted that a settlement of East Timor's political status would be in sight.

While there are many obstacles and dangers ahead, we should take note of what has been accomplished. In the past year:

President Suharto relinquished power. The Indonesian Government endorsed a ballot on autonomy, which is planned for August 8th.

The United Nations, Indonesia, and Portugal are to sign an agreement today on the procedures for that vote.

If the East Timorese people reject autonomy, there is every expectation that East Timor will be on the road to independence.

The resolution that I am submitting today recognizes the positive steps that have been taken.

But it also expresses our deep concern that since January, when Indonesian President Habibie expressed the willingness to consider independence for East Timor, violence and intimidation by anti-independence militias backed by members of the Indonesian military has increased dramatically.

The perpetrators of the violence want to sabotage the vote on East Timor's future.

I spoke with one East Timorese man today, Mr. Francisco Da Costa, who witnessed the April 6th massacre of scores of people in the village of Liquica.

An Op Ed article in today's New York Times by East Timorese lawyer Aniceto guterres Lopez says it all. He wrote: "With arms, money and a license for reckless rampages, the militia leaders have openly threatened death to anyone opposed to continued Indonesian occupation."

I received a report earlier today that Mr. Lopez' house is surrounded and he has been threatened with death. Bishop Belo, winner of the Nobel Peace Prize and one of the most courageous people I have ever had the privilege to meet, has also been threatened.

Hundreds of East Timorese civilians have been killed, injured or disappeared. Thousands have fled their homes to escape the violence, and are struggling to survive. Food and medicines are in short supply because the Indonesian Government has severely restricted access.

This resolution sounds an alarm. The situation is extremely fragile. The militias are sowing chaos and terror. Far stronger steps are needed by the Indonesian Government and military to rein in the paramilitary groups.

The resolution calls on the President and Secretary of State to intensify their efforts to urge the Indonesian Government and military to disarm the paramilitary groups. This must be done.

Another recommendation we make is that the United States contribute to the U.N. Trust Fund which will set up polling booths and put people on the ground to monitor the vote. I plan to work with Senator MCCONNELL, who is a cosponsor of this resolution and Chairman of the Foreign Operations Subcommittee, to obtain the funding as soon as possible.

The resolution says that any agreement to sell or transfer military equipment to Indonesia should state that the equipment will not be used in East Timor. We would prefer that there be no military equipment. But at the very least, we do not want our equipment ending up in the hands of thugs who are trying to derail the vote.

We know from history how much blood can be shed in East Timor. Nobody—not the Indonesian Government, not the Indonesian military, and certainly not the East Timorese people, benefits from a return to those days.

Mr. President, this resolution should receive overwhelming bipartisan support. I ask unanimous consent that the New York Times Op Ed article by Mr. Lopez be printed in the RECORD.

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

[From the New York Times, May 5, 1999]

EAST TIMOR'S BLOODIEST TRADITION
(By Aniceto Guterres Lopes)

Dili, East Timor—April 6, 1999. Another massacre. April 17. Another. Two more to add to an already lengthy list in East Timor. Since Indonesia invaded my homeland in 1975 and officially annexed it the following year, our history has seemed little more than a succession of massacres, one following the other in a depressingly predictable pattern.

Although the recent attacks have many precedents, they were committed when we were filled with unprecedented hope. Only four months ago, the Government of President B.J. Habibie offered us the chance to vote on whether to remain in Indonesia or become independent. Indonesia began working out the logistics of the vote with the United Nations and Portugal (the former colonial power still acknowledged under international law as the administering authority over East Timor). Today the Foreign Minister, Ali Alatas, is due to sign the final agreement on the vote at the United Nations.

The recent wave of violence here reveals that the Habibie Government is renegeing on

the promise of a peaceful resolution to East Timor's disputed political status. Although the Habibie Government denies it, the military, since last December, has organized its hardened East Timorese camp followers into militias. With arms, money and a license for reckless rampages, the dozen or so militia leaders have openly threatened death to anyone opposed to continued Indonesian occupation. Their spokesman, Basilio Araujo, told an Australian television crew, "We will kill as many people as we want."

The militia bosses boast that they are countering pro-independence guerrillas, but they have not fought a single battle with the guerrillas. They have only attacked unarmed civilians and created a refugee crisis. In sweeps through the countryside, the militias have threatened to kill the families of any male, young or old, who refuses to join their ranks. Many "members" of the militias are ordinary villagers, some of whom I know personally. They are forced recruits sullenly going through the motions and hoping to avoid being hurt and hurting others.

The human rights organization I direct has been trying to care for those who fled the villages to escape the militia threats. According to our figures, about 18,000 refugees are now sheltered in the towns. With little food, money and medicine, they are slowly succumbing to disease.

By unleashing the militias, the Indonesian Government's apparent strategy is to create the appearance of a civil war. Indonesia falsely claims to be an enlightened and neutral arbiter between a factious and primitive people not yet ready for independence.

As is clear to all observers, the militias have not been engaged in any pitched battles with pro-independence forces. They attacked, with axes and machetes, hundreds of helpless refugees sheltered in a church in Liquica on April 6. My staff has recorded the names of 57 dead, many of them women and children. Here in East Timor's capital, they attacked another group of about 150 refugees on April 17. Meanwhile, the pro-independence guerrillas, observing a cease-fire since December, refrained from responding to the militias' attacks on civilians until mid-April, as the Indonesian military spokesman in East Timor has admitted.

The militias have no other aim than to sow chaos and terror. Instead of allowing us to vote on whether to remain within Indonesia, the militia bosses are killing those who oppose them and vowing to wreck the United Nations-supervised vote scheduled for August. Bishop Carlos Ximenes Belo, who won the Nobel Peace Prize in 1996, is on their hit list, as are Australian journalists, East Timorese students and human rights workers (myself included). The militia bosses are even threatening to attack United Nations officials who will come to administer the vote.

Sadly, President Habibie and his top military commander, Gen. Wiranto, have done nothing to stop the militias. Over the past five months, the gang leaders have, in public view, committed atrocities and issued death threats. Yet they move around with impunity. The much-publicized "peace pact" Gen. Wiranto arranged in Dili on April 21 was nothing more than a public relations stunt. The militias continue to attack unarmed civilians unilaterally.

For a free and fair vote to be held, Portugal and the United States will have to insist on a disarming of the militias and a substantial withdrawal of Indonesia's all-pervasive troops. The United States, holding considerable leverage over bankrupt Indonesia, should take strong action, like cutting off all military aid and training until a valid vote on independence is held in East Timor.

Every day my staff records more cases of torture, disappearances and killings. All

East Timorese, except for a few deranged militia leaders, have experienced enough violence in their lives. We are desperate for a peaceful resolution. Yet the Indonesian military, by allowing these militias to be deployed, is drowning our hopes in blood.

Mr. FEINGOLD. Mr. President, I rise today to join my distinguished colleague from Vermont [Senator LEAHY] to offer this resolution to encourage a peaceful process of self-determination in East Timor. We are introducing this resolution because of serious obstacles that have appeared en route to a ballot to determine the future status of East Timor.

Earlier this year it appeared that there was finally some progress in East Timor. President Habibie announced on January 27 that the government of Indonesia was finally willing to seek to learn and respect the wishes of the people in that territory. There appears to be an agreement between the governments of Indonesia and Portugal to hold a vote, currently scheduled for August 8, to determine East Timor's future political status. This latter accord is expected to be finalized today at the United Nations.

Despite this positive development, excitement and tension over the possibility of gaining independence have in recent months led to an incredible level of violence and intimidation. The situation on the ground continues to worsen as East Timor has been wracked by violence throughout the last several weeks. Militias, comprised of individuals determined to intimidate the East Timorese people into support for continued integration with Indonesia and widely believed to be supported by the Indonesian military, are responsible for a sharp increase in violence.

Let me recount some of the horror stories I have heard coming out of East Timor in the last few weeks. To cite just a few examples, pro-government militias, backed by Indonesian troops, reportedly shot and killed 17 supporters of independence on April 5. Shortly thereafter, pro-independence groups reported clashes, arrests and deaths, as well as civilians fleeing violence in six cities. One of those cities was Liquica where at least 25 people were brutally murdered by pro-government militias when up to 2000 civilians sought shelter in the local Catholic church. Later, on April 17, hundreds of East Timorese fled the capital of Dili as knife-wielding militias attacked anyone suspected of supporting independence. At least 30 were killed in this incident as Indonesian troops made little effort to stop the violence. The perpetrators have not all been on the government side. Over the years there have been atrocities on the pro-independence side as well. In recent months, however, the overwhelming majority of the violence has come from army elements and militias under their effective control. Overall, hundreds of civilians have been killed, wounded or disappeared in separate militia attacks.

Unfortunately, Mr. President, there is no sign that the tension will ease between now and the August ballot. Pro-integration militia leaders announced on April 29 that they reject the concept of the upcoming ballot, or anything that could be considered a referendum. They have further stated that if a ballot leads to independence, they are prepared to fight a guerrilla war for decades if necessary to defend Indonesian rule of the territory. Independent observers fear that neither side will accept a loss in the August 8 ballot, thus setting the stage for a prolonged conflict in East Timor. This type of rhetoric does not reassure us about the prospects for a successful transition for the people of East Timor, regardless of which form of government they choose. The climate in East Timor today, sadly, may have become too violent for a legitimate poll to take place. Worse yet, the agreement on the ballot process that we hope will be announced today in New York will be rendered meaningless if people will fear for their lives if they dare to participate in the process.

The government of Indonesia must shoulder particular responsibility. Whether Indonesian troops have actually participated in these types of incidents or not, the authorities certainly must accept the blame for allowing, and in some cases, encouraging the bloody tactics of the pro-integration militias. As a long time observer of the situation there, I see the continuation of this violence as a threat to the very sanctity and legitimacy of the process that is underway. It is for this reason that Senator LEAHY and I have submitted our resolution to encourage the government in Jakarta to do all it can to seek a peaceful process and a fair resolution to the situation in East Timor.

Mr. President, I believe the United States has a responsibility, an obligation, to put as much pressure as possible on the Indonesian government to help encourage an environment conducive to a free, fair, peaceful ballot process for the people of East Timor. Administration officials are saying the right things, but perhaps have not fully used the leverage we have at our disposal to make things happen. If we are ever going to resolve this issue, now is the time for us, the whole U.S. government, to act decisively.

In order to further bring pressure on the government of Indonesia to ensure the conditions necessary for the ballot on a settlement for East Timor, the Leahy/Feingold resolution would link the transfer of defense articles and services to effective measures by the Indonesian government and military to ensure a stable environment in East Timor.

Though non-binding, it is strongly worded. Specifically, our resolution recognizes progress in negotiations on a settlement proposal for East Timor, and the Indonesian government's apparent willingness to seek a peaceful

resolution to the status of East Timor, but highlights the resultant increase in violence and human rights abuses by anti-independence militias and urges the Habibie government to curtail Indonesian military support to the militias. Nevertheless, despite that progress and the prospect of today's finalization of ballot procedures, access to East Timor by international monitors remains restricted, threatening the very environment needed to conduct a free and fair ballot.

Most importantly, our resolution makes positive recommendations about what the United States can do to create an environment conducive to a free election. It states that it is the Sense of the Senate that we should urge the U.S. government to contribute to the United Nations Trust Fund to provide support for the East Timor ballot process. It also encourages the Administration to urge the Indonesian government to disarm the militias and grant full access to East Timor by international monitors.

Mr. President, it is not in our power to guarantee the free, fair exercise of the rights of the people of East Timor to determine their future. It is, however, in our interest to do all that we can to work with the United Nations, other concerned countries, the government of Indonesia and the people of East Timor to create an opportunity for a successful ballot process. We cannot forget that the Timorese have been living with violence and oppression for more than 23 years. These many years have not dulled the desire of the East Timorese for freedom, or quieted their demands to have a role in the determination of East Timor's status. We have to do all we can to support an environment that can produce a fair ballot in East Timor. Now. And throughout the rest of this process.

Mr. President, I ask unanimous consent that the text of a May 3, 1999, editorial from the Wall Street Journal be printed in the RECORD at this point.

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

[From the Wall Street Journal, May 3, 1999]

EAST TIMOR'S POISONED CHOICE

For more than two decades, the world has recoiled in horror at periodic reports of atrocities by Indonesian troops in East Timor, the former Portuguese colony that Jakarta invaded in 1975 and then annexed amid great protest in 1976. Despite the outrage, sympathy with the plight of East Timorese and the repressed desire of many for independence didn't stop foreigners from doing business with Jakarta over the years. In fact, East Timor largely appeared on the world's radar screen only during peaks of suffering there—as in 1991 after Indonesian troops fired on a funeral procession and killed an estimated 180 people in the capital of Dili.

Even so, when President B.J. Habibie announced in January that East Timor could choose between autonomy or independence, a great cheer of moral satisfaction went up around the globe. After all these years and all that struggle, liberation was at hand! Even in recent weeks, as local antiseperation

militiamen with ties to the Indonesian army went on killing sprees in East Timor, the independence juggernaut churned on. Representatives from Portugal and Indonesia recently agreed to sign a U.N.-sponsored proposal that could bring a vote to East Timor by this summer and an end to Indonesian rule by 2000.

The fact that President Habibie didn't actually sign, but requested a delay until early next month, has led to speculation that he may be getting cold feet about a proposal that Indonesia's powerful military does not support. As ominous as that sounds for all who thought the end was in sight, what strikes independence enthusiasts as sad may not be entirely bad. Even before the emergence of East Timorese anti-independence militias added to an already volatile mixture featuring armed separatists, there was evidence that the ordinary people of East Timor might be getting a raw deal on a silver platter. Though the entire exercise, vote and all, is supposed to be about self-determination, in some ways it appears that they are being thrown to the wolves—and not only by Indonesia.

Consider the reckless manner in which Mr. Habibie acknowledged that the cost of maintaining a grip on the turbulent province was too high for Indonesia. Former colonial power Portugal departed from many of its possessions in a fit of spiteful destruction, smashing infrastructure and leaving arms in the hands of the baddest locals it could find. Similarly, Mr. Habibie offered East Timor what was in effect a poisoned choice of immediate autonomy or immediate independence. That frightened even separatists among the Timorese, some of whom have been pleading for a more gradual process that would enable the province to better prepare for an orderly transition and successful independence.

But such is the rush to complete the voting process that East Timorese expressions of concern about timing have been largely brushed aside by outsiders who claim to be on their side. Such concerns have been unheard, or dismissed as impossible to address given Mr. Habibie's all-or-nothing adamancy. Better to take what you can get, and take it now, the rest of the world has been telling the Timorese. It's a shame it has to be so hurried, and now so bloody, but these things do happen.

If outsiders are not willing to protect East Timorese from the violent consequences of the process now under way, they should stop cheering so hard for the process. Having come so far, nobody likes to think of delay, not least because that would be seen as a victory for the dark forces within the Indonesian military and elsewhere. But standing idly by while the people of East Timor are propelled into a situation that is not simply risky but more or less expected to bring death and destruction will be a crime in itself.

Mr. McCONNELL. Mr. President, having just returned from Cambodia, Indonesia, Australia and New Zealand, I was impressed by how deeply concerned regional leaders were over the status and conditions in East Timor.

Although the first really democratic elections to be held in Indonesia are coming up in June, the U.N. autonomy agreement, which should be announced today, was the focus of most of my discussions. While I was in the region, there was yet another explosive round of violence which left 17 dead. There is absolutely no question that most of these attacks are being carried out by

militias which enjoy military support from the Indonesian armed forces.

I do not believe these militias are directly commanded by Indonesian officers. However, I do think these militias are both encouraged and equipped by individuals in the military who oppose autonomy or independence for East Timor. There clearly are officers with a vested interest in controlling the ports and trade through Timor. These individuals have put self interest above their nation's interest.

While in Jakarta I raised these specific concerns directly with General Wiranto. I believe he recognizes that these events damage Indonesia's stability and stature. I hope he will pursue a more aggressive course in the days to come to assure this spiral of violence ends.

In the meantime, I think we should make clear we will not allow US equipment to be used to further the violence in East Timor. I also believe it is essential to deploy civilian poll watchers and police to restore calm and credibility to the election process. To accomplish this goal in a timely and effective manner, I have initiated discussions with key congressional members to add funds to the supplemental bill to support a peacekeeping presence in East Timor. I understand that the UN estimates an election team supported by civilian police observers may cost as much as \$50 million. I fully expect our regional partners and Portugal to assume a leadership role in meeting these needs, but we have key interests in promoting Indonesian stability and security. I would hope we can commit roughly \$10 million to this endeavor. I am convinced that our support for an international monitoring initiative administered through the United Nations Trust Fund will help ease this crisis and offer the citizens of East Timor a real opportunity for reconciliation, peace and democracy.

SENATE RESOLUTION 97—DESIGNATING THE WEEK OF MAY 2 THROUGH 8, 1999, AS THE 14TH ANNUAL TEACHER APPRECIATION WEEK, AND DESIGNATING TUESDAY, MAY 4, 1999, AS NATIONAL TEACHER DAY

Mr. COVERDELL (for himself, Mr. FRIST, Mr. GORTON, Mr. LOTT, Mr. JEFFORDS, Mr. ABRAHAM, Mr. CRAIG, Mr. DOMENICI, Mr. COCHRAN, Mr. MACK, Mr. SMITH of Oregon, Ms. COLLINS, Mr. HATCH, Mr. LUGAR, Ms. SNOWE, Mr. GRAMS, Mr. CRAPO, Mr. KENNEDY, and Mr. WELLSTONE) submitted the following resolution; which was considered and agreed to:

S. RES. 97

Whereas the foundation of American freedom and democracy is a strong, effective system of education where every child has the opportunity to learn in a safe and nurturing environment;

Whereas a first rate education system depends on a partnership between parents, principals, teachers, and children;

Whereas much of the success of our Nation during the 20th Century (the American Century) is the result of the hard work and dedication of teachers across the Nation;

Whereas in addition to a child's family, knowledgeable and skillful teachers can have a profound impact on the child's early development and future success;

Whereas many people spend their lives building careers, teachers spend their careers building lives;

Whereas our Nation's teachers serve our Nation's children beyond the call of duty as coaches, mentors, and advisers without regard to fame or fortune; and

Whereas across our Nation nearly 3,000,000 men and women experience the joys of teaching young minds the virtues of reading, writing, and arithmetic: Now, therefore, be it

Resolved, That the Senate—

(1) designates the week of May 2 through 8, 1999, as the "14th Annual Teacher Appreciation Week";

(2) designates Tuesday, May 4, 1999, as "National Teacher Day"; and

(3) calls upon the people of the United States to take a moment out of their busy lives to say thanks and pay tribute to our Nation's teachers.

AMENDMENTS SUBMITTED

**FINANCIAL SERVICES
MODERNIZATION ACT OF 1999**

**BRYAN (AND OTHERS)
AMENDMENT NO. 303**

Mr. BRYAN (for himself, Mr. DODD, and Mr. KERRY) proposed an amendment to the bill (S. 900) to enhance competition in the financial services industry by providing a prudential framework for the affiliation of banks, securities firms, insurance companies, and other financial service providers, and for other purposes; as follows:

On page 14, strike lines 8 and 9 and insert the following: "are well managed;

"(C) all of the insured depository institution subsidiaries of the bank holding company have achieved a rating of 'satisfactory record of meeting community credit needs', or better, at the most recent examination of each such institution under the Community Reinvestment Act of 1977; and

"(D) the bank holding company has filed).

On page 14, line 20, strike "and (B)" and insert ", (B), and (C)".

On page 18, between lines 4 and 5, insert the following:

"(5) LIMITATION.—A bank holding company shall not be required to divest any company held, or terminate any activity conducted pursuant to, subsection (k) solely because of a failure to comply with subsection (l)(1)(C).

On page 66, strike lines 7 and 8 and insert the following: "bank is well capitalized and well managed;

"(E) each insured depository institution affiliate of the national bank has achieved a rating of 'satisfactory record of meeting community credit needs', or better, at the most recent examination of each such institution under the Community Reinvestment Act of 1977; and

"(F) the national bank has received the".

On page 66, line 12, strike "subparagraph (D)" and insert "subparagraphs (D) and (E)".

On page 66, line 16, insert before the period ", except that the Comptroller may not require a national bank to divest control of or otherwise terminate affiliation with a finan-

cial subsidiary based on noncompliance with paragraph (1)(E)".

On page 96, strike line 23 and all that follows through page 98, line 4.

On page 104, strike line 20 and all that follows through page 105, line 14.

Redesignate sections 304 through 307 and sections 309 through 311 as sections 303 through 309, respectively.

Amend the table of contents accordingly.

REID AMENDMENT NO. 304

(Ordered to lie on the table.)

Mr. REID submitted an amendment intended to be proposed by him to the bill (S. 900), supra; as follows:

At the appropriate place, insert the following:

SEC. FEDERAL RESERVE AUDITS.

(a) IN GENERAL.—The Federal Reserve Act (12 U.S.C. 221 et seq.) is amended by inserting after section 11A the following:

"SEC. 11B. ANNUAL INDEPENDENT AUDITS OF FEDERAL RESERVE BANKS.

"(a) AUDIT REQUIRED.—Each Federal reserve bank shall annually obtain an audit of the financial statements of each Federal reserve bank (which shall have been prepared in accordance with generally accepted accounting principles) using generally accepted auditing standards from an independent auditor that meets the requirements of subsection (b).

"(b) AUDITOR'S QUALIFICATIONS.—The independent auditor referred to in subsection (a) shall—

"(1) be a certified public accountant who is independent of the Federal Reserve System; and

"(2) meet any other qualifications that the Board may establish.

"(c) CERTIFICATION REQUIRED.—In each audit required under subsection (a), the auditor shall certify to the Federal reserve bank and to the Board that the auditor—

"(1) is a certified public accountant and is independent of the Federal Reserve System; and

"(2) conducted the audit using generally accepted auditing standards.

"(d) CERTIFICATION BY FEDERAL RESERVE BANK.—Not later than 30 days after the completion of each audit required under subsection (a), the Federal reserve bank shall provide to the Comptroller General of the United States—

"(1) a certification that—

"(A) the Federal reserve bank has obtained the audit required under subsection (a);

"(B) the Federal reserve bank has received the certifications of the auditor required under subsection (c); and

"(C) the audit fully complies with subsection (a).

"(e) DETECTION OF ILLEGAL ACTS.—

"(1) AUDIT PROCEDURES.—Each audit required by this section shall include procedures designed to provide reasonable assurance of detecting illegal acts that would have a direct and material effect on the determination of financial statement amounts.

"(2) REPORTING POSSIBLE ILLEGALITIES.—If, in the course of conducting an audit required by this section, the independent auditor detects or otherwise becomes aware of information indicating that an illegal act (whether or not perceived to have an effect on the financial statements of the Federal reserve bank) has or may have occurred, the auditor—

"(A) shall determine whether it is likely that the illegal act has occurred; and

"(B) shall, if the auditor determines that the illegal act is likely to have occurred—

"(i) determine and consider the possible effect of the illegal act on the financial statements of the Federal reserve bank; and