

TORT REFORM PROVISIONS IN  
THE HOMELAND SECURITY BILL

**HON. ROSA L. DeLAURO**

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

*Friday, July 26, 2002*

Ms. DELAURO. Mr. Chairman, I rise in strong support of this motion to strike. The irresponsible liability protections added into this bill are unnecessary and dangerous to the public health and safety.

This provision would give the new Secretary of Homeland Security unprecedented executive authority to exempt from civil liability any product that is deemed "anti-terrorism technology." Even willful misconduct would be excused. That means that people injured by a product put out by a company trying to profit from the war on terrorism would be unable to seek recourse of any kind. None.

In fact, the only period during which injured parties can seek recourse for fraud or willful misconduct is, and I quote, "during the course of the Secretary's consideration." Essentially, once a product is approved, the public is left with no protection or remedy at all.

Not only does this provision severely restrict the ability of claimants to recover for their injuries, it also fails to provide for any alternative form of recourse, leaving people who have been injured through no fault of their own to fend for themselves.

Mr. Chairman, no one here wants frivolous lawsuits. We simply want the tools to hold accountable corporations who have abused the public trust and would unduly profit from the war on terror. This bill is about protecting the public, protecting the health and safety of our citizens. It's not about giving a free ride to corporations who take advantage of the system. Let us not compromise these noble, bipartisan goals with a misguided provision added at the last minute.

I urge my colleagues to support this motion to strike.

OPPOSITION TO THE CONFERENCE  
REPORT ON THE BANKRUPTCY  
REFORM BILL

**HON. JOHN D. DINGELL**

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Friday, July 26, 2002*

Mr. DINGELL. Mr. Speaker, I rise in opposition to the Conference Report on the Bankruptcy Reform bill (H.R. 333). The goal of the legislation, to ensure that debt that can be repaid is indeed repaid, is meritorious. However, the devil is in the details and many of these details are particularly devilish. This legislation will neither prevent more bankruptcies from occurring nor protect consumers. But it will sanction the continued predatory and abusive lending practices of the credit card industry, which has pressed hard for this legislation.

It is important to note that there is no consumer bankruptcy crisis in America. Despite the rascality perpetrated by the credit card industry, including the solicitation of minors, seniors and pets, personal bankruptcies are not increasing. In fact, even as the average household debt burden has continued to climb over the past few years, bankruptcies have dropped by around fifteen percent.

The only bankruptcy crisis we have in America is from companies like Enron and WorldCom. These corporations engaged in fraudulent accounting practices and then filed for bankruptcy to protect themselves from their creditors. These companies destroyed the lives and life savings of not only their employees, but investors everywhere. This conference report would not do anything to protect investors and employees from corporate wrongdoing such as this.

It is important to note, however, that this legislation will protect the large banks and other financial institutions that engage in predatory lending practices. This is wrong. Studies show that irresponsible and overly aggressive lending practices were behind the high level of bankruptcies in the mid 1990's. However, the industry has not learned its lesson. Even as the industry continues to experience high profits, it refuses to take responsibility for its poor lending practices and increases its marketing and credit extensions. Two years ago, the credit card industry increased its mail solicitations by about fourteen percent. Additionally, total credit extended, which includes unused credit lines and debt incurred by consumers, has approached three trillion dollars for the first time ever.

This outrageous behavior should not be rewarded. Unfortunately, the credit card industry has succeeded in winning enough support for a bill that encourages predatory lending at the expense of our most at risk citizens. Although a few helpful provisions were added to the bill, such as language to ensure that persons who use violence against clinics cannot shield their assets by filing for bankruptcy, on the whole, the bill hurts the poor and middle class. Americans deserve better, especially at a time when the economy has slowed and people's jobs are in jeopardy. As such, I urge all of my colleagues to oppose this wrongheaded piece of legislation.

OPPOSITION TO CONFERENCE  
AGREEMENT ON BANKRUPTCY  
REFORM

**HON. JANICE D. SCHAKOWSKY**

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Friday, July 26, 2002*

Ms. SCHAKOWSKY. Mr. Speaker, I rise in opposition to the conference report on H.R. 333 "The Bankruptcy Abuse Prevention and Consumer Protection Act." This legislation puts the interests of politically powerful credit card companies ahead of the interests of seniors and working families. That is why this conference report is opposed by every major consumer rights organization, over twenty women's right organizations, and the AFL-CIO. This is flawed legislation that could not come at a worse time. I urge my colleagues to reject this conference report.

Last year, a record 1.45 million people filed bankruptcy. Experts attribute this to deteriorating economic conditions and rising consumer debts. Research shows that nine in ten bankruptcies are triggered by the loss of a job, high medical bills or divorce. Yet this legislation would not allow a bankruptcy judge to take into account whether a debtor is blameless for his or her financial problem when deciding whether the person can declare

chapter 7 bankruptcy unless the debtor is a victim of terrorism. This will make it very difficult for consumers to escape debt.

This legislation will have especially harsh impact on senior citizens and women. According to research by the Consumer Bankruptcy Project at Harvard University, seniors are the fastest growing group in bankruptcy. About 82,000 Americans over 65 years-of-age filed for bankruptcy in 2001, up 244 percent since 1991. We will put seniors at the mercy of price-gouging card companies.

Women represent the single largest group in bankruptcy, with households headed by women accounting for about 40 percent of all bankruptcies today. This legislation will make it harder for them to escape debt and poverty by creating new types of "nondischargeable" credit card debts. The legislation puts banks in competition with women trying to collect child support from a former spouse after bankruptcy. Debtors will have to pay back more money in credit card debts after clearing bankruptcy, leaving less money for child support and alimony. Proponents of the conference report claim that this legislation gives top priority to women trying to collect child support when distributing assets in Chapter 7 cases. However, more than 90 percent of all chapter 7 debtors have no assets to distribute. They have no protection at all.

Amazingly, this conference report expands the most egregious abuse of the bankruptcy system by expanding the scope of the luxury home loophole to all fifty states. In five states, a debtor can hide all their resources in their home. Unless a debtor is guilty of a very narrow range of fraud or felonies, is declaring bankruptcy within 40 months of buying a home or has moved in from another state in the last two years, the loophole remains. This legislation will allow debtors to export the unlimited homestead exemptions for two years. This means that corporate thieves like former Enron CEO Ken Lay can move to my district and escape paying investors and workers. Ken Lay comes from Texas. Texas is one of the five states that does not have a cap on their homestead exemption. At the same time a laid-off worker from a state like Delaware that does not have a homestead exemption will lose a home that has as little equity as \$30,000. This is an outrageous double standard.

This legislation is also noticeably silent when it comes to the role of credit card companies in increasing consumer debt and filed bankruptcies over the past decade. Credit card companies sent out five billion solicitations last year. Credit card companies target college students. College students lack independent means and have a high credit risk. Yet this legislation does not curb these practices in any significant way. Language to require responsible lending to college students has been severely weakened.

Also this bill does nothing to curb the practices of predatory lenders, who will be able to collect debts regardless of how they deceived consumers. This bill allows most lenders to provide only a general statement on the credit card bill about the risks of paying at the minimum rate and a toll-free number. Most consumers will not receive information that details the long-term risk of accumulating credit card debt.

This legislation lets wealthy debtors and credit card companies off the hook while it

makes it more difficult for working families and laid off workers to make ends meet and avoid debt. Please join me in rejecting this anti-consumer conference report. This conference report is bad for consumers and it should be opposed.

SUPPORT OF MOTION TO GO TO CONFERENCE ON H.R. 3210, TERRORISM RISK PROTECTION ACT

**HON. JOSEPH CROWLEY**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Friday, July 26, 2002*

Mr. CROWLEY. Mr. Speaker, I rise in support of the Motion to Go to Conference.

As a Representative from New York City, I have seen and heard first hand the massive need for such a Federal backstop.

While our nation has plunged into a recession over the past 2 years—the economic conditions of New York City are even more precarious.

For example, between August 2001 to May 2002 while unemployment rates have risen 13 percent in the U.S. they have increased by 20 percent in New York City.

While there are a number of factors for this decline, one is the lack of new construction and building.

This dearth of investment and new construction is due to a lack of financing by banks that will not provide lending to a project that cannot get commercial property and casualty insurance.

Furthermore, for those few businesses that can obtain limited insurance coverage often do not have adequate coverage and are paying drastically higher prices for such limited coverage.

This again saps vital and badly needed resources out of New York's and all of America's economy.

Providing a Federal backstop is good for workers and good for the economy.

Additionally, while in conference, I also hope that the Conferees will give serious consideration to an issue I brought up with Chairman Oxley during Committee mark up—that of providing a backstop to personal lines of property and casualty insurance lines as well.

While personal P&C insurance carriers now claim they can handle any claims for unthinkable terrorist attacks that could effect personal property and casualty holders, such as homeowners, we heard this same thing about commercial lines pre-September 11.

No one can predict the future, and we need to be prepared for anything.

Could personal lines provide for a large-scale attack on a neighborhood using nuclear, biological or chemical terrorism?

We don't know, and that is why I brought this issue up at mark-up and am hopeful for some work on this issue in conference.

Additionally, I am hopeful that the Conferees will work to provide a real backstop and strip out an extra legislative riders such as the damaging tort reforms added by the Republicans leadership to the House bill in the dark of night.

These riders threw a red herring into this debate and slowed Congressional action on this issue—not a lack of trying by the Senate, including Senator Schumer of New York, a leading proponent of backstop legislation.

America needs a Federal backstop for both commercial and personal lines of property and casualty lines and we need to keep such a bill clean for extraneous amendments that are divisive and bad for our economy.

I wish the Conferees well and yield back the balance of my time.

OPPOSING THE CHINESE GOVERNMENT'S PERSECUTION OF FALUN GONG PRACTITIONERS

SPEECH OF

**HON. DAVID E. BONIOR**

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

*Monday, July 22, 2002*

Mr. BONIOR. Mr. Speaker, for years, Falun Gong practitioners have been persecuted at the hands of the Chinese government. Tens of thousands of these individuals have been tortured in prisons, labor camps, and mental hospitals for practicing their peaceful form of personal belief. I have been appalled by the stories I have heard from Falun Gong members in Michigan of the horrific acts of violence towards Falun Gong practitioners. I believe we must do all we can to stop this persecution.

The United States needs to take a stand against these atrocities, and send the message to the Chinese government that these terrible acts of violence will not be tolerated. We need to urge the Chinese government to release from detention those Falun Gong practitioners who are guilty of nothing less than practicing their faith. We must put an end to these abhorrent human rights abuses.

I am a cosponsor of H. Con. Res. 188, which expresses the sense of Congress that the Government of the People's Republic of China should cease its persecution of Falun Gong practitioners. This measure passed the House overwhelmingly on July 24, 2002. I regret that I was unable to cast a vote on this resolution, as I was detained in my home state of Michigan when the measure came to the House floor. I would have voted "yes" on this resolution, and I am glad that the House acted in unity to condemn persecution of the Falun Gong.

CIVIL SERVICE AMENDMENT FOR HOMELAND SECURITY LEGISLATION

**HON. ROSA L. DeLAURO**

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

*Friday, July 26, 2002*

Ms. DeLAURO. Mr. Chairman, I rise in strong support of this amendment. As currently written, H.R. 5005 would needlessly undermine civil service protections for one hundred and seventy thousand federal workers in the new department—both union and non-union.

At a time when we need to attract and retain the best and the brightest to this new department, it makes no sense at all to strip its workers of their most basic civil service protections. What happens to the federal workers who transfer to this department and find that the benefits of civil service are suddenly gone?

For instance, are these dedicated, loyal federal workers simply supposed to accept the fact that they can be fired without even so much as an explanation? Are they supposed to simply accept that their pay has been unceremoniously cut by a third? Is that the message we want to be sending to the rank-and-file preparing to protect the nation at this new department?

We have in place rules and regulations that have worked for decades, rules that were put in place to not only protect workers but also to ward off political patronage and corruption. A Homeland Security Department is not the place to reinstate either.

Mr. Chairman, our civil service protections are good enough for the Defense Department. They are good enough for the CIA, the FBI and virtually everyone else in the Federal government. I fail to see how they are not good enough for the one hundred and seventy thousand workers who will be working in the new Homeland Security Department.

Again, I strongly urge my colleagues to support this amendment.

H. RES. 443: TO EXPRESS THE SUPPORT OF THE HOUSE FOR PROGRAMS AND ACTIVITIES TO PREVENT PERPETRATORS OF FRAUD FROM VICTIMIZING SENIOR CITIZENS

**HON. DANNY K. DAVIS**

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Friday, July 26, 2002*

Mr. DAVIS of Illinois. Mr. Speaker, I rise today to speak about an epidemic. It's not one that you'll read about in a medical book, and unfortunately, it's probably not one that a lot of people know enough about, in general. But, we need to respond to this problem, just as we would if it were a public health situation—by launching a vigorous public awareness campaign.

Let me give some examples of what I'm talking about:

Two individuals pleaded guilty to charges of mail fraud in connection with a scheme soliciting elderly individuals to invest in silver and gold coins. The victims, who were promised a high rate of return on their investments, were coerced into paying 200 to 300 percent more than the coins were worth.

A group defrauded 200 elderly investors nationwide of an estimated \$34 million from the offer and sale of fraudulent promissory notes and other fraudulent securities. The majority of the victims were senior citizens who were convinced to liquidate safe retirement accounts and transfer those funds to risky investments.

An independent insurance agent obtained over \$508,000 from twelve senior citizens whom he promised a 10 percent return on their money in an investment opportunity. None of the funds were ever invested.

Elderly victims were falsely told that bond companies were in possession of a \$25,000 bond in the name of the victims, which they could receive after they paid the bond companies a fee ranging from \$100 to \$3,000 for "research" or "paperwork." None of the victims ever received a valuable bond, but elderly victims sent the bond companies approximately \$1.6 million.