Thomas Gallo, Sr. was born on June 1, 1923 to Natale Gallo and Mary Gisappa. One of four brothers and a sister, he leaves Mary Rose Maley, Adeline Grosbeck, and Virginia Dunlap. He also leaves three sons, Natale Gallo, Thomas Gallo, Jr. and Timothy Gallo.

Thomas was the founder and owner of the McDonald Welding and Machine Co, and a member of the Knights of Columbus. Thomas was also a U.S. Army Veteran, having served during WWII.

Thomas Gallo Sr. will be sorely missed in the McDonald community. He touched the lives of many people, and was adored by all who had the privilege to know him. He was a great community leader, husband, father, and friend. I extend my deepest sympathy to his friends and family.

MOTION TO INSTRUCT CONFEREES ON H.R. 2215, THE 21ST CENTURY DEPARTMENT OF JUSTICE APPROPRIATIONS AUTHORIZATION ACT

SPEECH OF

HON. JOSEPH CROWLEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 1, 2002

Mr. CROWLEY. Mr. Speaker, I rise today in support of my good friend DIANA DEGETTE's Motion in support of making the Violence Against Women Office (VAWO) permanent. Today, in the US, nearly 25% of women report having been physically and/or sexually assaulted by intimate partner at some point in their lifetime and 1 in 6 women has experienced a rape or attempted rape in their lifetime.

The Violence Against Women Office, created in 1995, leads a national effort to stop domestic violence, sexual assault and stalking. Last year they administered over $270 million in grants to states so that local prosecutors and police departments can respond to violent crimes. VAWO has worked with law enforcement and victim advocates in developing grant programs that support emergency shelter and legal aid.

They have ensured the training of judges, law enforcement personnel and prosecutors to help them respond to victims of stalking, domestic violence, and sexual assault. This office ensures that federal dollars dedicated to anti-domestic violence programs are spent in the best possible and most effective way.

Currently, the Violence Against Women Office is a part of the Office of Justice Programs. However, VAWO can not serve as the leader of promoting effective programs serving victims of domestic violence and sexual assault policy if it is just a check-writing office.

That is why it is imperative to make the Violence Against Women Office an independent office. This office needs and deserves to have a Presidentially-appointed, Senate-confirmed Director, in order to ensure that these issues continue to have a high profile on local, state, deferral and international levels.

Mr. Speaker, I ask my colleagues today: If you think that Violence Against Women is a serious issue, if you think that it deserves serious attention, then give it the priority and attention it deserves.

Make the Violence Against Women Office an independent office with the ability to make policy and assist other governmental agencies in their work on violence against women.

I encourage my colleagues to pass the motion to instruct.

ENRON'S PAWNS: HOW PUBLIC INSTITUTIONS BANKROLLED ENRON'S GLOBALIZATION GAME

SPEECH OF

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 2, 2002

Mr. KUCINICH. Mr. Chairman, following are excerpts from ''Enron's Pawns: How Public Institutions Bankrolled Enron's Globalization Game''—Sustainable Energy & Economy Network, Institute for Policy Studies, March 2002.

I. INTRODUCTION

Many public officials have described Enron's demise as the product of corporate misbehavior. This perspective ignores a vital fact: Enron would not have scaled such grand global heights, nor fallen so dramatically, without its close financial relationships with government agencies.

Since 1992, at least 21 agencies, representing the U.S. government, multilateral development banks, and other national governments, helped leverage Enron's global reach by approving $7.219 billion in public financing toward 38 projects in 29 countries.

The now-fallen giant, until recently the country's seventh largest corporation, marched into risky projects abroad, backed by the ''deep pockets'' of government financing and with the firm and at times forceful assistance of U.S. officials and their counterparts in international organizations. Enron's overseas operations rewarded shareholders temporarily but often punished the people and governments of foreign countries with price hikes and blackouts worse than what California suffered in 2001, causing social unrest and riots that were sometimes brutally repressed. For example:

In the Dominican Republic, eight people were killed when police were brought in to quell riots after blackouts lasting up to 20 hours followed a power price hike that Enron and other private firms initiated. The local population was further enraged by allegations that a local affiliate of Arthur Andersen had undervalued the newly privatized utility by almost $1 billion, reaping enormous profits for Enron.

In India, police hired by the power consortium of which Enron was a part beat non-violent protesters who challenged the $30 billion agreement—the largest deal in Indian history—struck between local politicians and Enron.

The president of Guatemala tried to dissolve the Congress and declare martial law after rioting ensued, following a price hike that the government deemed necessary after selling the power sector to Enron.

In Colombia, two politicians resigned amid accusations that one was trying to push a cut-rate deal for Enron on the state-owned power company.

While all this was occurring, the U.S. Government and other public agencies continued to advocate on Enron's behalf, threatening poor countries like Mozambique with an end to aid if they did not accept Enron's bid on a natural gas field. So linked was Enron with the U.S. Government in many people's minds that they assumed, as the late Croatian strongman Franjo Tjudman did, that pleasing Enron meant pleasing the White House. Tjudman hoped that compliance with an over-priced Enron contract might parlay into an array of political favors, from softer treatment at The Hague's War Crimes Tribunal to the entry of his country into the World Trade Organization.

Only when Enron's scandals began to affect Americans did these same government officials and institutions hold the corporation at arm's length. And only when Enron leadership revealed their greed on home turf did it become the biggest corporate scandal in recent U.S. history.

KEY FINDINGS

After a detailed study of Enron's overseas activities over the past decade, Institute for Policy Studies researchers have reached the following four conclusions:

1. U.S. GOVERNMENT AGENCIES WERE THE LARGEST BACKERS OF ENRON'S ACTIVITIES ABROAD

From 1992 to 2001, U.S. Government agencies—the Overseas Private Investment Corporation (OPIC), Export-Import Bank, Maritime Administration, and Trade and Development Agency—cleared Enron's path with $3.68 billion in approved support for 25 projects. OPIC is the clear leader in public financing for Enron, approving over $2.6 billion in risk insurance for 14 projects. Adding to this the U.S. share of financing for multilateral development banks brings the total amount of U.S. taxpayer support for Enron's overseas operations to over $4 billion.

2. THE WORLD BANK GROUP WAS AN IMPORTANT CATALYST OF ENRON'S GLOBAL EXPANSION

The U.S. government wields strong influence over the policies and projects of multilateral development banks (MDBs), particularly the World Bank Group. Despite some reluctance to support several obviously overpriced deals, the Bank did provide $761 million in support for Enron-related overseas projects from 1992 to 2001. Beyond direct support for specific projects, it also provided Enron an entrée to many developing countries by pushing its agenda of privatization and deregulation of the energy and power sectors as conditions of further loans. Other MDBs, particularly the Inter-American Development Bank (IDB), also were important financial backers of Enron. The IDB approved slightly less financing ($752 million) than the World Bank Group from 1992 to 2001.

3. WHEN THE WORLD BANK OR U.S. TAXPAYER-BACKED INSTITUTIONS DECLINED TO SUPPORT AN ENRON PROJECT ON FINANCIAL OR POLITICAL GROUNDS, A RAFT OF OTHER EXPORT CREDIT AGENCIES (ECAS) AND REGIONAL FINANCIAL INSTITUTIONS EAGERLY STEPPED INTO THE BREACH

Enron-related projects obtained support form national and international public institutions that have no ties to U.S. taxpayers. This alphabet soup of ECAs and MDBs—obscure and often-secretive agencies with acronyms like JBIC, CDC, KfW, SACE, EIB, ADC, OND, COFACE, and CIDA—approved $2 billion toward Enron's global expansion.

4. ENRON'S COLLAPSE CALLS INTO QUESTION THE POLICY OF DEREGULATION THAT ENRON, TOGETHER WITH ITS PARTNERS IN THE UNITED STATES GOVERNMENT, THE WORLD TRADE ORGANIZATION (WTO), THE INTERNATIONAL MONETARY FUND (IMF) AND WORLD BANK, AND THE PRIVATE SECTOR HAVE ADVOCATED

Prodded by the Reagan administration in the 1980s, the World Bank and IMF have been pursuing deregulation and privatization of the power and energy sectors for two decades. Energy deregulation has resulted in the energy needs of the vast majority of citizens—the poorest as well as those in need of power for businesses, hospitals, schools and other public services to function—being routinely sacrificed for private gain. So long as the World Bank, IMF, WTO, U.S. Government and corporations continue to advance this agenda of energy and power deregulation, all signs suggest that future ''Enrons'' will continue to occur, with devastating public consequences.

* * * Brazil pipeline, Enron benefited both from the World Bank's capitalization of Bolivian oil and gas fields and from the World Bank's support of the pipeline.

OPIC, a U.S. export credit agency which had approved a $200 million credit toward Enron's construction of a 390-mile pipeline and thermal power project in Brazil, withdrew its support for the project in late February 2002. According to a Bloomberg article, Enron owes OPIC $453 million in 5 countries in South America, including Bolivia.

Despite Enron's collapse and OPIC's withdrawal, another public institution is considering throwing more money at Transredes. On Feb. 14, 2002, the Inter-American Development Bank published a project abstract for a proposed financing of a gas pipeline extension to the fields of southern Bolivia. (See Inventory for further details.)

A special congressional commission has been formed in Bolivia to investigate the legality of Enron's 1994 acquisition of its stake in the Bolivian side of the Bolivia-Brazil gas pipeline, as well as the consequences for Transredes given Enron's bankruptcy. The commission's seven members will hear testimony from current and former executives of YPFB as well as government officials, including three former presidents, regarding their involvement in the Enron contract. Opposition parties are using the case as a political campaign issue ahead of June presidential elections.

COLOMBIA

Although Colombia's energy sector is, for the most part, still publicly-owned, Enron was able to build and operate a gas pipeline in that country through a special contractual arrangement with the government, and with the financial support of the World Bank.

The World Bank approved a $30 million loan toward the Ballena-Barrancabermeja gas pipeline in 1994, and an additional $35 million in 1996. The pipeline's owner and operator is Centragas, a company in which Enron has a 50% stake, with the balance held by Tomen Corporation (Japan, 25%) and Promigas, S.A. (Colombia, 25%). Through a Build, Own, Operate and Transfer (BOOT) mechanism, Enron built a 357-mile pipeline that carries gas from the offshore Ballena gas field to a petrochemical complex in Barrancabermeja, central Colombia. Ecopetrol, the Colombian national oil company, is its sole client.

To ensure the security of its Colombian assets, Enron has lobbied in Washington to increase military and other aid to Colombia through Senate Bill 2522, the bill that funded the Plan Colombia.[23a] This bill, later signed into law, designated nearly $1 billion ''to support Central and South America and Caribbean counternarcotics activities.'' Enron is also a member of the U.S.-Colombia Business Partnership, a corporation consortium that promotes U.S. business interests in Colombia (other members include Occidental International Corp. and BP Amoco).

According to Colombian government documents, in the early 1990s, the energy sector in Colombia was expected to generate a deficit of over $1 billion for a ten-year period. Privatization sought to generate the funds needed to pay the debt (around 39% of all public debt at the time) and to finance 50%. of the new investments needed to modernize the energy sector. The privatization program began in 1996 with the sale of several electric generation facilities, and by 2001, private companies made up 62% of generation, 44% of distribution, and 30% of new project development. The government hoped to increase that to 75% of generation and 80% of distribution with the sale of ISAGEN, the largest remaining state-owned electric company.[23c]

In October 1999, in Houston, Colombian president Adreáe Pastrana met with the executives of the principal oil and electricity companies in the United States, coordinated by then governor of Texas, George W. Bush. Pastrana rallied support for Plan Colombia, and promised the major oil and gas exploration concessions and the continuation of the privatization in the power sector. Enron representatives were present at this meeting with President Pastrana and Governor Bush.[23d]

Two months later, a scandal erupted in the Colombian Congress when Senator Hugo Serrano accused the Energy Minister, Luis Carlos Valenzuela, of using his political influence to strike a deal with Enron. Under this new deal, Colombia would export natural gas to Enron's power plant in Panama (Bahia Las Minas). This power plant received support from Ex-Im in 1996, the IFC in 1998, and MIGA in 2001.

The World Bank's MIGA appears to have been careless in its work in this case. MIGA earmarked its $3.3 million guarantee for the Bahia Las Minas power plant to an investor in the plant named Lloyds TSB Bank of Panama, a subsidiary of Lloyds (the London-based insurance and banking empire). We can only assume that MIGA officials did not read the transcript of the Feb. 2001 U.S. Senate investigation on money laundering. One of the banks investigated by Sen. Carl Levin's staff was a Lloyd's affiliate named British Bank of Latin America (BBLA), ''a small offshore bank that was licensed in the Bahamas but accepted clients only from Colombia . . . (and) became a conduit for illegal drug money.'' [23e]

The Senate investigators reported that ''BBLA's account statements show a constant stream of large money transfers among BBLA and a handful of Lloyds affiliates, including Lloyds banks in Belgium, Colombia, Panama, (emphasis added) the UK and the US.'' Indeed, in 2000, Lloyds shut down BBLA and its ''clients, assets, loans (were) redistributed to other Lloyds banks in Bahamas, Colombia, Panama (emphasis added) and the US.'' And Footnote 268 in the report contains this interesting information: A federal prosecution (United States vs. All Funds in Certain Foreign Bank Accounts Representing Proceeds of Narcotics Trafficking and Money Laundering, USDC DC Case No. 1:99.CV–03112) seeks forfeiture of about $295,000 in drug proceeds sent to Lloyds TSB Bank and Trust (Panama).

Presumably, MIGA was unaware of these investigations last year when it decided to back the Lloyds affiliate's investment in the Enron power plant, and it also must have missed the burgeoning scandal in Colombia over Minister Valenzuela's pact to ship gas to the plant. Senator Serrano claimed that the deal would also have profited Valenzuela's former employer—investment bank and project promoter Corporation Financiera del Valle (Corfivalle)—which owned 14% of Promigas. Ecopetrol President, Carlons Rodado Noriega, who later resigned over the disagreement, refused to sign the Memorandum of Understanding with Enron because he felt it was not in the best interest of the country. Enron was to receive exclusive rights to Colombia's gas exports at very low prices. Colombia would not be able to export gas, other than that bought by Enron. Although Valenzuela denied the charges, he resigned shortly thereafter.

DOMINICAN REPUBLIC

In 1990, through the National Electric Sector Development Law (Ley 14–90), the Dominican Republic opened its doors to independent power producers, to help it generate additional power for the country.

On July 22, 1994, the World Bank's IFC approved a $132.3 million loan, and a year later, an additional $1.5 million currency swap, in support of a 185-megawatt combined-cycle power facility mounted on a barge at Puerto Plata. The barge-mounted power plant was owned by Enron's subsidiary, Enron Global Power & Pipelines, which acquired the parent company's 50% share in the barge power plant in 1995. 'The power project is expected to be immediately additive to earnings, cash flow and earnings per share in 1996,' trumpeted Rodney Gray, chairman, of Enron Global Power & Pipelines.

In December of 1996, the U.S. Maritime Administration provided a $50 million guarantee toward two Enron power barges for this project.

In January 1998, the World Bank's IBRD approved a $20 million loan to privatize the country's power sector. The goal, said the World Bank, was to open up the power sector to private companies, through reforms at the state agency, Corporacion Dominicia de Electricidad (CDE). The IBRD wrote: ''The project's overall objective is to support power sector reform by establishing a competitive bulk supply market for electricity. Specifically, the project seeks to lift transmission constraints that hinder open access of publicly as well as privately owned power generators.''

When the government privatized its power sector, Enron (along with several other firms) rushed in to buy a stake in the generating capacity of the Dominican Republic, while AES and Union Fenosa of Spain bought into the distribution networks. The CDE continued to own and operate the country's power transmission companies. Shortly after the private corporations took over, rates for electricity skyrocketed by 51–100% or more. Consumers refused to pay the higher rates, and ultimately forced the government to absorb most of the tariff increase. This resulted in the government paying around $5 million per month to the power companies, a sum it was unable to sustain. By October 2001, it had accumulated a debt in the power sector of $217 million, of which 55.3% was owed to private companies. The mounting debts in turn caused Enron and others to turn off the power, with blackouts sometimes lasting as much as 20 hours, affecting hospitals, businesses, and schools. By early 2001, widespread frustration with the situation triggered protests, some of which turned violent after police clashed with demonstrators. At least eight people died in the protests, including a 14-year-old boy.

In a situation with similarities to California, shortages were originally blamed on private power generators, which at the time of the crisis were only supplying 392,000 of the 815,000 kilowatts they were capable of producing. The electricity issue also sparked a confrontation between the Dominican government and the U.S. Embassy, after the former accused the Smith-Enron joint venture of outright fraud for failing to deliver its promise to generate at least 175 megawatts a day. After privatization of the CDE, power rates had more than doubled and government payments and subsidies (now to private companies) had tripled. After months of negotiation between the government and the power companies, an agreement was finally reached in October 2001 in Madrid, Spain. However, further privatization of the CDE (the remaining transmission companies) has been mentioned as a possible option for a cash infusion for the government. In April 2000 it was reported that CDE, the state power company partially owned by Enron, would privatize electricity transmission in order to comply with World Bank requirements for assistance.

Officials of the current and previous administration have been publicly trading responsibility for the chaos in the electricity sector. In June 2001, the President of the Dominican Republic announced that the contracts awarded during the privatization of the power sector would be investigated. A report by a special commission for the Dominican Senate claimed that the assets of the CDE were undervalued by $907 million, resulting in the CDE's sale for 42% of its value. Suspiciously, the accounting firm that executed the market value appraisal, Ortega & Asociados, is Arthur Andersen's ''local representative'' in the Dominican Republic. In January 2002, sparked by the allegations surrounding Enron and Arthur Anderson, the Dominican newspaper, El Nacional, revealed the connection between the two accounting firms. Representatives of Ortega & Asociados were questioned about their involvement in the CDE privatization and Enron's operations. Although they have denied any wrongdoing, in a letter to the newspaper they stated that, ''This job [referring to the CDE privatization] was done by our professional Dominican staff, with the collaboration of Andersen, given its knowledge and experience in privatization and capitalization of public companies in Latin America.'' [30]''

Enron's contract in the Dominican Republic expires in 2015.

Until 1992, the state-owned Instituto Nacionalede Electricidad (INDE, National Institute of Electricity) held more than 83 percent of the capacity serving Guatemala's power supply requirements. The remainder was owned by the Empresa Eléctrica de Guatemala S.A. (EEGSA, the Guatemala Electricity Company), of which the government was majority owner. Transformation of the power sector began in January 1993 when EEGSA signed a 15-year power purchase agreement (PPA) with Enron to build the 110MW Puerto Quetzal thermal plant that began operations in 1993. Consisting of two barges loaded with 10 diesel-fired generators, the $92 million project was partly financed by the IFC, which approved a $20 million direct loan as well as a $51 million syndicated loan toward this, the first privately-financed power project in Central America. Power from the project is sold to EEGSA.

The power company, Puerto Quetzal Power Corp., was created by Enron, who initially owned 50%, in addition to operating the plant and serving as fuel supplier. King Ranch Inc., a U.S. company with energy and agribusiness interests, owned the other 50%. In 2000, the U.K.'s Commonwealth Development Corporation (CDC) acquired 25% ownership of the project. The project also gained support from the U.S. Maritime Administration (MARAD), which financed guarantees on the power barge construction in 1994 and 2000.

In addition to the IFC, the U.S. Overseas Private Development Corporation (OPIC) in 1992 granted a $73 million guarantee towards this project, and in 2000, OPIC extended a loan for $50 million to expand the capacity of the plant from 110 MW to 234 MW.

Shortly after it began operating, the complaints against Enron began. According to reports at the time: ''(T)he Attorney General [of Guatemala] reported that U.S.-owned Enron Power has not paid any of the estimated $14 million it owned the Guatemalan government for its electrical generation plant in Puerto Quetzal. The Guatemalan government collects less than half the revenues owned it, and it is estimated that two-thirds of businesses, like Enron Power, pay no taxes at all.'' [31] In 1996, the IFC extended an additional $700,000 guarantee to the project. In 1997, Enron's plant was supply 15% of Guatemala's energy. In September 2000, Enron requested and was granted permission from MARAD to change the registration and flag of the barges from Guatemala to Panama, which is known worldwide for its lax and favorable terms on vessel registration.

When the power sector began its transformation process in 1993, President Jorge Serrano proposed an increase in electric rates to support a market-based electric power industry. The increases in consumer rates, which totaled as much as 100 percent for some customers, were part of the principal complaints of the demonstrators who took to the streets in Guatemala City during the spring of 1993. President Serrano responded to the unrest by declaring marital law, and attempting to dissolve the Guatemalan Congress. His attempt to take control of the government by decree failed when he was unable to win the support of the military. President Serrano subsequently fled the country, and the rate increases were suspended. [32] He is currently in exile in Panama.

The privatization process continued, with Guatemala's 1996 electricity law (Decree 93–96) effectively liberalizing the power sector. The law placed no limits on foreign ownership of companies interested in providing service in the electricity sector. EEGSA was fully privatized in July 1998, when 80 percent of its assets were bought by a consortium formed by Teco Power Corporation of the U.S. Iberdrola Engeria, S.A. of Spain and Electricidad do Portugal, S.A. of Portugal.

MOZAMBIQUE

In June 1994, the World Bank's IDA provided $30 million toward the privatization of Mozambiqe's Pande gas fields. The World Bank began to act as a broker, encouraging government officials and private investors to develop Pande, claiming that the gas fields were expected to lead to gas exports to South Africa worth $150 million annually. The privatization deal followed intensive lobbying by U.S. embassy officials on behalf of Enron. In October 1994, Enron did in fact beat out Sasol (S. Africa) and PlusPetrol (Argentina) for control of the Pande gas field. Enron also hoped to invest in another field, Pemane, but, according to Africa Energy & Mining, ''the authorities . . don't want the country's entire gas production to fall into the hands of a single company.''

''Elements of the embassy did a bit of lobbying for the company, which I find a bit strange, because this is a commercial agreement,'' Mozambique's Minister of Energy Resources, John Kachamila told the New York Times. He added that he was ''told that other aid to Mozambique might be in jeopardy if this agreement was not signed.''

''It was a little more nuanced than that,'' an unnamed Clinton administration official reported to the newspaper. ''It is difficult to say we should give Mozambique $40 million a year, if it's going to take an opportunity for a $700 million project and not do it.''

THE PRUDENTIAL SPIRIT OF COMMUNITY AWARDS

HON. JAMES R. LANGEVIN

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 2, 2002

Mr. LANGEVIN. Mr. Speaker, I rise today to honor some very special young people who have made considerable contributions to Rhode Island's communities. In particular, I would like to recognize the achievements of Ms. Nichole Magnifico of Warwick, RI and Ms. Kristin Pallister of East Greenwich, RI. These two young women have been selected to receive The Prudential Spirit of Community Awards for outstanding community service.

Ms. Nichole Magnifico is a high school senior. She is being recognized for organizing the first special needs cheerleading squad in the state of Rhode Island. With Ms. Magnifico's guidance the squad raised funds and began cheering at Special Olympics basketball games, including the Special Olympics Basketball Championship.

Ms. Kristin Pallister, an eighth-grader, volunteered at a nursing home for Alzheimer's patients. Ms. Pallister provided comfort and company to the residents, and has demonstrated her commitment to those in need.

The Prudential Spirit of Community Awards were created in 1995 by Prudential Financial in partnership with the National Association of Secondary School Principals to impress upon all youth volunteers that their contributions are critically important and highly valued. Over the past seven years this program has grown into the largest youth recognition effort based solely on community service. Ms. Magnifico and Ms. Pallister should be extremely proud to have been singled out to receive this honor.

I am heartened, Mr. Speaker, by the selflessness of these young people. While numerous statistics show that Americans are less involved in their communities, it is important that we encourage youth volunteers. They have the power to inspire each and every one of us to make a difference in our own towns and neighborhoods. I hope that you and our colleagues will join me in recognizing these two