

Mr. SULLIVAN. Mr. Speaker, I urge the adoption of this measure, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. LINDER). The question is on the motion offered by the gentleman from Oklahoma (Mr. SULLIVAN) that the House suspend the rules and pass the bill, H.R. 3034.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds of those present have voted in the affirmative.

Mr. SULLIVAN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8, rule XX, and the Chair's prior announcement, further proceedings on this motion will be postponed.

#### MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the House by Ms. Wanda Evans, one of his secretaries.

#### SECURITIES AND EXCHANGE COMMISSION AUTHORIZATION ACT OF 2002

Mr. OXLEY. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3764) to authorize appropriations for the Securities and Exchange Commission, as amended.

The Clerk read as follows:

H.R. 3764

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

##### SECTION 1. SHORT TITLE.

*This Act may be cited as the "Securities and Exchange Commission Authorization Act of 2002".*

##### SEC. 2. AUTHORIZATION OF APPROPRIATIONS OF THE SECURITIES AND EXCHANGE COMMISSION.

*In addition to any other funds authorized to be appropriated to the Securities and Exchange Commission, there are authorized to be appropriated to carry out the functions, powers, and duties of the Commission, \$776,000,000 for fiscal year 2003, of which—*

*(1) not less than \$134,000,000 shall be available for the Division of Corporate Finance and for the Office of Chief Accountant;*

*(2) not less than \$326,000,000 shall be available for the Division of Enforcement; and*

*(3) not less than \$76,000,000 shall be available to implement section 8 of the Investor and Capital Markets Fee Relief Act, relating to pay comparability.*

##### SEC. 3. SENSE OF THE CONGRESS.

*It is the sense of the Congress that the Securities and Exchange Commission should conduct a thorough annual review of the annual financial statements contained in the most recent periodic disclosures filed with the Commission by the largest 500 reporting issuers, as determined by market capitalization and by other factors as the Commission shall determine.*

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Ohio (Mr. OXLEY) and the gentleman from New York (Mr. LAFALCE) each will control 20 minutes.

The Chair recognizes the gentleman from Ohio (Mr. OXLEY).

#### GENERAL LEAVE

Mr. OXLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on this legislation, and to include extraneous material on the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. OXLEY. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, the Securities and Exchange Commission Authorization Act of 2002 authorizes important new resources for the Securities and Exchange Commission for fiscal year 2003.

I would like to commend the ranking member of the Committee on Financial Services, the gentleman from New York (Mr. LAFALCE), and the chairman of the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises, the gentleman from Louisiana (Mr. BAKER), for their leadership on this very important and timely issue.

As we know, the SEC is statutorily charged with supervising the Nation's securities markets. This legislation is necessary to reauthorize the work of the SEC to enable it to continue its mission of protecting investors and promoting efficiency, competition, and capital formation.

For quite some time, the U.S. securities markets have been widely regarded as the deepest, most liquid, and fairest markets in the world, in large part due to the fine work of the SEC. Today, however, it is abundantly clear that our markets are in need of reform. Too many people have abused the public trust. In the wake of recent scandals, many have noted a crisis of public confidence in the integrity of our system.

That is why the Committee on Financial Services was first out of the block in analyzing analysts, corporate reporting, and accountants.

The committee drafted comprehensive legislation that overwhelmingly passed the House, and has directed the self-regulatory organizations to promulgate new rules on analysts and corporate governance. Much has been done, with still more to do, in order to ensure investors are protected through full and timely disclosure of financial information.

The bill before us today authorizes the SEC at a level of \$776 million for fiscal year 2003, with \$134 billion earmarked for the division of corporate finance and the office of the chief accountant, and \$326 million earmarked for the division of enforcement.

The bill identifies these particular divisions for increased funding because it is vital that the commission have sufficient resources to review public filings and bring enforcement cases against those who violate the securities laws.

One of the primary findings of our hearings was the need for the commission to pursue wrongdoers in real time.

This bill provides the commission with the resources it needs to do exactly that.

The bill also fully funds the pay parity provisions of the Investor and Capital Markets Fee Relief Act enacted into law this past January. This \$76 million in funding would grant SEC employees pay parity with the banking regulators and help the commission attract and retain the first-rate attorneys, accountants, and economists needed to protect investors.

With modest staff and limited resources, the SEC currently oversees an estimated 8,000 brokerage firms employing nearly 700,000 brokers; 7,500 investment advisors with approximately \$20 trillion in assets under management; 34,000 investment company portfolios; and over 17,000 reporting companies.

The commission also has oversight responsibilities for nine registered securities exchanges, the National Association of Securities Dealers, the National Futures Association, 13 registered clearing agencies, and the Municipal Securities Rulemaking Board.

The funding level authorized in this legislation is significantly higher than the fiscal year 2002 level, but there is ample justification. Much has changed since last year.

The commission needs funding for its e-government and information technology initiatives, telecommunications systems, and security enhancement. The commission has not received a staffing increase in the last 2 years, despite the additional responsibilities put upon it by the enactment of the Commodity Futures Modernization Act and the Gramm-Leach-Bliley Financial Services Modernization Act.

□ 1615

Now, with the tragic events of September 11 in which the SEC's Northeast regional office was destroyed and the deep crisis in confidence facing the markets, the challenges facing the SEC have never been greater. For the U.S. markets to remain the envy of the world, it is absolutely vital for the SEC to have the necessary resources to protect investors and promote capital formation. I urge all of my colleagues to support this important legislation.

Mr. Speaker, I reserve the balance of my time.

Mr. LAFALCE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the adoption of the bill. Mr. Speaker, I am pleased to join with the gentleman from Ohio (Mr. OXLEY) in strongly supporting this legislation. Authorizing the resources that the SEC needs to provide meaningful market oversight is one of the most important steps we can take to restore the integrity of our markets, to restore confidence on the part of the public in the integrity of our markets.

Unfortunately, as our securities markets and public companies have skyrocketed in size and complexity, we

have done little to ensure that the SEC had the means to keep up. The SEC has fought a losing battle to keep up with the immense growth of corporate filings.

Transactional filings alone grew by almost 40 percent over the last half of the 1990s, but the resources available for reviewing those filings did not grow. Despite this increase in activity, staffing levels at the SEC remained flat over the same period and, in fact, declined during fiscal year 2002.

While the drop-off in IPOs last year enabled the SEC to review more of the annual financial statements filed by public companies than it had for many years, it was still able to review only 16 percent of those statements. That is grossly inadequate.

We are clearly now reaping the results of this historic neglect, with the number and size of restated financial reports due to financial misstatements and fraudulent accounting practices growing each year. The failure of Enron and the many issues for investors, employees, accountants, auditors and analysts raised by that failure and numerous other failures has further taxed the ability of the SEC to oversee the markets.

If we are to restore the quality and integrity of our financial reporting system, it is crucial that the SEC receive the funding necessary to increase the staff available to perform its market oversight functions, particularly regular reviews of corporate financial statements. Moreover, the SEC must have the additional enforcement staff necessary to bring enforcement actions swiftly when companies misrepresented their financial condition in their financial statements.

H.R. 3764 is a step to providing both authorizing funding for pay parity and doubling the staff of the Division of Corporate Finance, the Office of the Chief Accountant and the Division of Enforcement.

At a time when Americans have become more reliant on the performance of their stock investments for their savings and retirement, we cannot afford to allow the practices we have seen over the last few years continue to taint our markets. I was very disappointed that in the wake of the collapse of Enron and the successive waves of accounting scandals the President did not include a substantial increase in funding for the SEC in his budget request to Congress. The SEC plays a crucial role in the sound functioning of our markets and our economy and that crucial role cannot be ignored.

We in Congress must send a strong signal to the administration and to the world of the importance of a strong and fully functional SEC to restoring confidence in our markets. This bill is an important step towards creating that strong legislative response that might restore confidence in our financial reporting system and our securities markets.

If our capital markets are to retain their position as the most efficient and the most transparent in the world, it is critical that we ensure that our markets are subject to the best possible oversight; and only then will investors both at home and abroad regain their confidence that our markets are indeed the best in the world. Mr. Speaker, I urge the adoption of the bill.

Mr. Speaker, I reserve the balance of my time.

Mr. OXLEY. Mr. Speaker, I reserve the balance of my time.

Mr. LAFALCE. Mr. Speaker, how much time do I have remaining?

The SPEAKER pro tempore (Mr. LINDER). The gentleman from New York (Mr. LAFALCE) has 15 minutes remaining.

Mr. LAFALCE. Mr. Speaker, I yield 3 minutes to the gentlewoman from New York (Mrs. MALONEY).

Mrs. MALONEY of New York. Mr. Speaker, I rise in support of H.R. 3764, the SEC Reauthorization Act. The past year will go down in history as one of the most scandal ridden in the history of our Nation's capital markets. Enron, Global Crossing, TYCO, and ImClone all raise the clouds of insider corruption, massive financial restatements, and outright fraud on investors.

This bill takes an important step in assigning these episodes to history and ensuring that the SEC has the resources to prevent future problems. This legislation commits significant new resources to the SEC, which I can attest are truly needed based on what we have learned from hearings in the Committee on Financial Services.

The bill authorizes \$776 million for the SEC in fiscal year 2003, \$338 million more than the fiscal year appropriations 2002 level and \$233 million, 43 percent more than the administration requested. At least \$134 million will go to SEC's chief accountant and corporation finance division, \$326 million to the enforcement division, and \$76 million to pay parity.

While these sums are significant and necessary, my colleagues are well aware that the agency is funded through transaction fees and not traditional tax revenue. This pay parity money is especially important given the staff crisis the agency has experienced in recent years.

Having recently visited the SEC field office in the Woolworth Building in lower Manhattan, a facility that was formerly located in the World Trade Center complex, I can tell you that pay parity is truly, truly needed. Pay parity will bring SEC employees up to the pay levels of their colleagues at the Federal banking regulators. I believe the securities regulators should not be treated as a second-class citizen behind the bank regulators. It is bad for investors and industry, and this is a truly worthy investment.

I have already sent a bipartisan letter along with 27 of my colleagues on the Committee on Financial Services requesting funding for pay parity; and

I want to thank the ranking member, the gentleman from New York (Mr. LAFALCE), for pushing for this provision and the gentleman from Ohio (Mr. OXLEY) for holding to his commitment in last year's fee reduction legislation to win pay parity.

Passage of this legislation today is yet another step on the road to winning back public confidence in our financial markets and rebuilding the trust of individual investors in financial reporting. It is my hope we build on it by passing real reform of the accounting industry with this Congress. To that end, I congratulate Senator SARBANES for his overwhelming bipartisan victory by a 17-4 vote for his accounting legislation in the Senate Banking Committee. I look forward to working on this legislation in the conference committee, and I urge passage of this bill.

Mr. OXLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Virginia (Mr. WOLF).

Mr. LAFALCE. Mr. Speaker, I yield 1 minute to the gentleman from Virginia (Mr. WOLF).

Mr. WOLF. Mr. Speaker, I rise in support of H.R. 3764 and strongly support the additional funding for the Securities and Exchange Commission. However, I would like to point out a concern I have with some of the language in the bill.

This bill requires not less than \$134 million for the Division of Corporate Finance and the Office of Chief Accountant and not less than \$326 million for the Division of Enforcement. These amounts are double the level of funding requested by the President for these activities in fiscal year 2003. Enacting this legislation will require other programs to be cut by \$231 million.

Our allocation of this bill, which has the FBI, DEA, INS, State Department, embassy security, the Karachi bombing last week and all of these other programs, is now down \$393 million below, our allocation right now, \$393 million below what the administration requested. So you add \$393 million and \$231 million, and I think you get a disaster for the Commerce Department, for the State Department, for the Justice Department, for the FBI, for the DEA, for the Bureau of Prisons.

So the Subcommittee on Commerce, Justice, State and Judiciary of the Committee on Appropriations, which has jurisdiction of the SEC, will have to reduce the funding requested for other agencies funded by the committee.

I hope, particularly in this war against terrorism, we really cannot cut the FBI. If you have a loved one working at an embassy around the world, we really cannot cut back embassy security. Anyone who thinks we can cut INS really has not been following the paper.

I would hope we could work on revising this bill language before the bill is conferenced with the Senate, or else I think we will have a major substantive defeat for the war against terrorism.

The administration I think has to do more with regard to the SEC. Pay parity is very important. But as you take these numbers with the allocation we will have a disaster.

Mr. OXLEY. Mr. Speaker, will the gentleman yield?

Mr. WOLF. I yield to the gentleman from Ohio.

Mr. OXLEY. Mr. Speaker, I want to thank my friend from Virginia for yielding.

I point out that since the mid-1990s, as the gentleman knows, the SEC has been funded through section 31 fees and other fee operations.

During our debate on the legislation that reduced the fees, we came to understand that, clearly, those fees in this case would cover the operation of the SEC. As a matter of fact, history would suggest that the fees generate six times currently what it takes to run the SEC.

Mr. WOLF. Reclaiming my time, I know he is a good fellow and a classmate, that 54 group that came in 1980 changed America, but Customs brings in much more money than it costs to run Customs. The INS brings in much more money. I think this has always been a bookkeeping matter, and it does come out of the allocation. If this were to hold true, in addition to the allocation we would have to cut the FBI dramatically in addition to INS and the others.

Mr. OXLEY. Mr. Speaker, will the gentleman yield?

Mr. WOLF. I yield to the gentleman from Ohio.

Mr. OXLEY. Mr. Speaker, I simply point out that I do not think at the end of the day that this is going to be an appropriations issue. It will be an issue that those fees will generate the amount of money necessary to run the SEC. That is what the legislation that passed in 1996 says. I have no reason to think that that will be any different and that the effect on the appropriations process will be minimal if any.

Mr. LAFALCE. Mr. Speaker, will the gentleman yield?

Mr. WOLF. I yield to the gentleman from New York.

Mr. LAFALCE. Mr. Speaker, one of the difficulties I had with the reduction of the securities fees bill were that people were just interested in reducing the fees, whether it was section 31, section 6, 13, 14, et cetera. They were not interested in beefing up the authorization of the SEC. They were not interested, unfortunately, in the earnings manipulations that were taking place.

Most of these fees do go into general revenues, and, therefore, are dependent on both authorization and appropriations; and the gentleman from Virginia (Mr. WOLF) is correct in that respect.

Mr. WOLF. Reclaiming my time, I want to thank the gentleman for his comments, too; and I want to thank both of the gentlemen for the pay parity. I have written the administration, written Mitch Daniels and asked him to send up a supplemental or something with regard to pay parity.

Mr. LAFALCE. The position of the administration on this issue is outrageous.

Mr. WOLF. Mr. Speaker, I agree.

Also, I will tell you, we are getting a little bit off the issue, but what concerns me is this money will come out of the FBI. The FBI today is underfunded.

□ 1630

Mr. LAFALCE. Mr. Speaker, in Buffalo, New York, they have computers that are worse than my laptop at home, and yet they are involved in anti- and counterterrorism with absolutely outdated computers.

Mr. WOLF. The gentleman is exactly right. That is why I am committed to bringing a bill and making sure that we give the FBI, and I know the gentleman from Ohio was a former FBI agent, to give them the resources, because quite frankly the gentleman from New York is right, outdated. That is why I was so concerned that we are in essence taking this away from the other categories in the bill which would be a defeat for the war on terrorism. I know the gentleman from Ohio (Mr. OXLEY) will work this out.

Mr. OXLEY. Mr. Speaker, will the gentleman yield?

Mr. WOLF. I yield to the gentleman from Ohio.

Mr. OXLEY. Mr. Speaker, I would literally be the last person in this Congress to cut FBI funding. In my estimation this does not do that. Those fees, the cost to the SEC comes out of those fees; and I want to make certain that that is the case.

Mr. WOLF. Mr. Speaker, I thank the gentleman for his response.

Mr. LAFALCE. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Texas (Mr. BENTSEN).

(Mr. BENTSEN asked and was given permission to revise and extend his remarks.)

Mr. BENTSEN. Mr. Speaker, I thank the gentleman for yielding me the time, and I rise in strong support of the bill. I had not intended to talk about the budget aspects; but since our friend from Virginia brought up the issue of the budget, one, I want to concur with the comments of the chairman and the ranking member of the Committee on Financial Services. And I might say to the gentleman from Virginia, since the capital markets operate on confidence and the fact that there is a malaise over the capital markets now and a great deal of lack of confidence, were we not to provide the Securities and Exchange Commission with the resources that they need to rebuild confidence in the marketplace, I think the chairman of the Subcommittee on Commerce, Justice, State and Judiciary's concern about 302(b) allocations would be far greater in the future because he is going to see a continued deterioration of the general economy, a continued degeneration of our general revenues, and he is going to have a lot bigger problems to deal with than try-

ing to fund the FBI and fund other agencies than worrying about whether or not we are going to provide the SEC with the resources that it needs.

Furthermore, as the gentleman from New York raised and our chairman from Ohio raised, the fact is that for too long the SEC fees have been a way to fund other portions of the government; and at a time when we need to put more resources, particularly in the accounting division, the corporate finance division, the enforcement division of the Securities and Exchange Commission, this is when we need those fees back, and that is what this bill is doing, in addition to the parity issue, in authorizing the funding for it.

So while we can feel the pain of the chairman of the Subcommittee on Commerce, Justice, State and Judiciary's allocation problem, that has nothing to do with the origin of this bill. It has nothing to do with the needs of the Securities and Exchange Commission because they have raised the funds from the investors and the participants in the marketplace. That marketplace is under a cloud right now. Were we not to provide those resources to ensure that there is efficient, sufficient enforcement of the rules of the marketplace, or the rules of the field, then we would suffer across our entire budget; but more importantly, we would be suffering across our general economy. And not a day goes by that there is not another story in the financial press about another earnings restatement, about new indictments of individuals who have been cooking the books of public companies; and now in this last week we have seen the markets go down because foreign investors who heretofore had seen value in investing in U.S. markets had decided that that value may no longer exist and so they are pulling their money out and putting it back in Europe and Asia, exacerbating our current account balance, which again could have profound macroeconomic effects on our general economies.

So I commend the chairman and the ranking member for bringing this bill up. I hope the House will pass it and let us not worry about the budget debates when concerned with this bill.

Mr. OXLEY. Madam Speaker, I am pleased to yield 3 minutes to the gentleman from Louisiana (Mr. BAKER), the chairman of the Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises.

Mr. BAKER. Madam Speaker, I thank the chairman for yielding me this time, and I rise to support the adoption of the resolution which he has brought to the House this afternoon and wish to speak to the issues raised by the gentleman from Virginia earlier in the afternoon.

The House did act last year to reduce the fees on transactions relating to stock transfers, and secondly, in the content of this resolution, does make provision for pay parity, both of which do bring about expenditure of Federal

resources. Even after the consideration of both those effects, the adoption of pay parity and the reduction in the fees collected for SEC transactions, the projected budget receipts next year for the SEC from all fees will exceed \$1.5 billion. Even with the pay parity provisions contained in this resolution, the expenditures for the agency, once enhanced at this new operational level, will only equal \$776 million. The difference is still an \$800 million surplus in fees received versus expenditures made.

Obviously, it is the 302(b) allocations which are causing the difficulty for the Subcommittee on Commerce, Justice, State and Judiciary's Chair; but it has nothing to do with there being a lack of revenue coming from SEC activities. I think it was perfectly appropriate through the Congress to reduce fees and certainly essential that we adopt the pay parity provisions which will enable the SEC to keep qualified, professional regulators on the level of compensation of all other financial regulators.

So to that end, I think it is extremely important for the House to act to adopt this resolution and provide the SEC with the important needed resources; and we will address those appropriations concerns as we move into the fall, and hopefully our chairman will be able to reconcile these differences with the Committee on Appropriations members so that the provisions made available to the SEC today will enable them to act appropriately on any and all complaints.

If there is anything significant and important this Congress can do with regard to the current market instability, it is to provide closure with regard to the investigatory capability to get to the bottom of wrongdoing, to hold those accountable responsible; and I think this action today, enabling the SEC to have all the adequate supervisory staff they need, is an essential step in helping bring back confidence and customer confidence in making investments in our capital markets, which are the strongest, deepest, broadest of any in the world; and I think this action is extraordinarily important to bring about that resolution.

I thank the Chair for yielding me the time.

Mr. LAFALCE. Madam Speaker, I yield 4 minutes to the distinguished gentleman from California.

(Mr. SHERMAN asked and was given permission to revise and extend his remarks, and include extraneous material.)

Mr. SHERMAN. Madam Speaker, I want to join the last speaker in his analysis, showing that the fees paid by individual investors is more than enough to provide for beefed-up SEC enforcement. But what the other party does is they use those fees collected from individual investors as a profit center to then fund tax cuts for the wealthiest 1 percent of Americans, and when we suggest that the fees paid by

individual investors should be used to protect those investors, we are told that takes money away from the war against terrorism. Shame. We ought to be collecting adequate revenues to keep our country safe from terrorism, and the fees paid by individual investors are more than enough to provide every penny this bill authorizes and, frankly, more.

I come to the floor to bring to the Congress' attention one section of this bill, section 3, that says it is the sense of Congress that the SEC should conduct an annual review of the annual financial statements of the 500 largest issuers. Why is this provision necessary? The SEC has two approaches to reviewing financial statements.

If one is a small company trying for the first time to raise 10 or \$20 million, then they file their red herring, their first draft. The SEC reviews it carefully; they issue a comment letter. If there is anything confusing, misleading or incomplete, they have to bring their filing up to specifications and only then do they go to the public; but if they are one of the biggest and richest companies in America, if they are already a publicly traded corporation, if they are raising or responsible on the market for 60 or 80 or \$100 billion in capitalization, if they are Enron, then the SEC just does not read what they file, as they did not read Enron's financial statements for 1997, 1998, 1999. They did not read those statements until the collapse.

What would have happened if they read those statements? They would have seen a number of footnotes in the financial statements that are utter gobbledy gook. I know to the average layperson all of the footnotes are gobbledy gook, but these were incomprehensible to an analyst, the CPAs. If the SEC had bothered to read these footnotes, they would have demanded clarification. Instead, they did not read them at all.

The SEC, however, at least its chairman, is hostile, believe it or not, to the idea of reading the financial statements of the 500 largest companies. That is because there is an element at the SEC that believes that investors need to be protected from Joe Inventor who is trying to raise 5 or \$10 million, but that we do not need any protection from Kenneth Lay because, after all, those in the tallest buildings of the biggest companies are inherently so honest that the SEC does not need to review what they file.

This approach to the SEC's work is wrong, and that is why I am glad that this section is in the bill; but when I asked the SEC to tell us what it would cost so that the appropriators could provide the resources, the response of Chairman Pitt was to say that he was going to refuse to provide that information because he disagreed with the proposal. Now the proposal will be included in legislation passed by the House. The Congress will adopt language saying that it is our sense that the SEC do this work.

The SEC will then probably continue to refuse to tell Congress what it would cost to actually read the most important documents filed with the SEC, to comment on them and to demand clarification.

I would like to enter into the RECORD the letter sent to me on May 21 by Chairman Pitt, in which he refuses to provide information as to what it would cost to read the financial statements of the 500 or 1,000 largest companies, and I would hope that this provision will remain in the bill in conference and that Congress will not allow an SEC chairman to refuse to provide us with even an estimate of what it would cost to do something that we in the House are about to declare ought to be done, but that instead we have an SEC that takes its responsibility to protect those who invest in the biggest companies, takes that responsibility as seriously as they do their responsibility to protect those who invest in the smallest.

The letter referred to follows:

U.S. SECURITIES AND EXCHANGE  
COMMISSION,  
Washington, DC, May 21, 2002.

Hon. BRAD SHERMAN,  
Committee on Financial Services, House of Representatives,  
Longworth House Office Building,  
Washington, DC.

DEAR CONGRESSMAN SHERMAN: During my testimony before the House Financial Services Committee on March 20, 2002, you requested that I submit for the record an estimate of the increase in reviews. You asked that a cost estimate be provided for annual reviews at three levels of effort covering the top 500, 1000 and 2000 firms. As I noted during the hearings, it is impractical for Congress to attempt to provide the Commission with sufficient resources to do a comprehensive review of the top 500, 1000 or 2000 companies. Apart from the enormous cost of such a process, there is ultimately no assurance that the additional expenditures would ensure the quality of audits or financial reporting.

As I noted in my testimony, the Administration's request for fiscal year 2002 supplemental funding includes \$20 million to finance 100 new positions for the Commission. Our plan would be to allocate 30 positions to the Division of Corporation Finance to expand, improve and expedite our review of periodic filings. Our Division of Corporation Finance has undertaken to monitor the annual reports submitted by all Fortune 500 companies that file periodic reports with the Commission in 2002. This new initiative, which we announced in December, significantly expands the Division's review of financial and non-financial disclosures made by public companies. The additional funds would allow the Division to perform full reviews of more public companies' annual filings.

Thank you for your support of the Commission's programs. Should you have additional questions, I would be pleased to be of assistance.

Your truly,

HARVEY L. PITT.

Mr. LAFALCE. Madam Speaker, I yield myself such time as I may consume.

Let me simply make a few comments. I think that we should have been much more aware of the problems in our financial markets before the revelation of Enron. There had been

countless earnings restatements that were mandated by the SEC, and this was just on the few cases they were able to review. We should have been clamoring for an increase in the budget of the SEC long before now.

At the very beginning of 2001, when our committee obtained jurisdiction for the first time over securities, I began calling not for a 2 or a 3 or a 4 percent increase in the budget but for a 200, a 300, a 400 percent increase in the budget. I did this in our committee. I did this before the Committee on Rules. I did it on the floor of the House.

After Enron, I was at least hopeful that the President of the United States in his State of the Union address would recognize the gravity of the problem, and he barely mentioned Enron, not by name, but he barely mentioned the nature of the problem. I was then hopeful that in his budget submission to the Congress he would call for a huge significant increase in the resources. He did not. He called for but a 6 percent increase in the resources of the SEC.

That is woefully inadequate, as virtually everyone has come to realize. Certainly the gentleman from Ohio (Mr. OXLEY), the chairman of the Committee on Financial Services, realizes that is woefully inadequate; and that is why he has been promoting this bill.

A few weeks or so ago, I had the pleasure of having dinner with the chief economic adviser to the President of the United States, Mr. Lindsay, and the gentleman from Ohio (Mr. OXLEY), the chairman of the Committee on Financial Services, was present; and I questioned him about the adequacy of that 6 percent increase that the President had called for and he defended it. He defended it.

The position of the administration is absolutely outrageous. They still have their heads in the sand on this issue.

□ 1645

It is time for them to get their head out of the sand, and maybe unanimous passage of this bipartisan bill will help do that. I urge everyone to support it.

Madam Speaker, I yield back the balance of my time.

Mr. OXLEY. Madam Speaker, I yield myself such time as I may consume; and, in conclusion, let me just point out something to the gentleman from California.

The 16 percent figure of review of the top 500 companies is nothing new. I cannot remember ever, in the history of this country, any SEC ever viewing all 500 companies; and I think it is important to point that out for the record. It was not this particular SEC but many previous SECs that were in that same category.

Mr. GILMAN. Madam Speaker, I rise today in support of H.R. 3764 and would like to thank the gentleman from Ohio, my friend and colleague Congressman OXLEY, for introducing this initiative. I urge my colleagues to support this worthy legislation.

This act will appropriate the necessary funds to the Securities and Exchange Com-

missions, in both its Division of Corporate Finance and Division of Enforcement. Moreover, it will allocate the necessary funds to implement sections of past legislation. It will also work to establish an annual review of the annual financial statements filed with the Commission by the largest 500 reporting issuers. This legislation will no doubt work toward increasing the transparency in the business practices of our nation's largest companies.

It is obvious that today our nation's financial regulators must be given the appropriate resources to properly monitor our nation's corporate sector. The Enron saga and more recently the Imclone fiasco have demonstrated the grave situation existing within our financial world. This act is undoubtedly a step in the right direction in our battle against unethical business practices driven by the vices of greed and dishonesty.

It is imperative that we take these steps to further fund the Securities and Exchange Commission. It is clear that these provisions are essential given the recent developments regarding several large American companies and the unethical business practices which have taken place. Accordingly, I urge my colleagues to support these measures.

Mr. OXLEY. Madam Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mrs. BIGGERT). The question is on the motion offered by the gentleman from Ohio (Mr. OXLEY) that the House suspend the rules and pass the bill, H.R. 3764, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds of those present have voted in the affirmative.

Mr. LAFALCE. Madam Speaker, on that, I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

#### SILVER EAGLE COIN CONTINUATION ACT OF 2002

Mr. OXLEY. Madam Speaker, I move to suspend the rules and pass the bill (H.R. 4846) to amend title 31, United States Code, to clarify the sources of silver for bullion coins, and for other purposes, as amended.

The Clerk read as follows:

H.R. 4846

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Silver Eagle Coin Continuation Act of 2002".

#### SEC. 2. DELETION OF LIMITATION ON ACQUISITION OF SILVER FOR \$1 COIN FROM ABOLISHED STOCK PILE.

(a) FINDINGS.—The Congress finds that—

(1) the American Eagle silver bullion coin leads the global market, and is the largest and most popular silver coin program in the United States;

(2) established in 1986, the American Eagle silver bullion program is the most successful silver bullion program in the world;

(3) from fiscal year 1995 through fiscal year 2001, the American Eagle silver bullion program generated—

(A) revenues of \$264,100,000; and

(B) sufficient profits to significantly reduce the national debt;

(4) with the depletion of silver reserves in the Defense Logistic Agency's Strategic and Critical Materials Stockpile, it is necessary for the Department of the Treasury to acquire silver from other sources in order to preserve the American Eagle silver bullion program;

(5) with the ability to obtain silver from other sources, the United States Mint can continue the highly successful American Eagle silver bullion program, exercising sound business judgment and market acquisition practices in its approach to the silver market, resulting in continuing profitability of the program;

(6) in 2001, silver was commercially produced in 12 States, including, Alaska, Arizona, California, Colorado, Idaho, Missouri, Montana, Nevada, New Mexico, South Dakota, Utah, and Washington;

(7) Nevada is the largest silver producing State in the Nation, producing—

(A) 17,500,000 ounces of silver in 2001; and

(B) 34 percent of United States silver production in 2000;

(8) the mining industry in Idaho is vital to the economy of the State, and the Silver Valley in northern Idaho leads the world in recorded silver production, with over 1,100,000,000 ounces of silver produced between 1884 and 2001;

(9) the largest, active silver producing mine in the Nation is the McCoy/Cove Mine in Nevada, which produced more than 107,000,000 ounces of silver between 1989 and 2001;

(10) the mining industry in Idaho—

(A) employs more than 3,000 people;

(B) contributes more than \$900,000,000 to the Idaho economy; and

(C) produces \$70,000,000 worth of silver per year;

(11) the silver mines of the Comstock lode, the premier silver producing deposit in Nevada, brought people and wealth to the region, paving the way for statehood in 1864, and giving Nevada its nickname as "the Silver State";

(12) mines in the Silver Valley—

(A) represent an important part of the mining history of Idaho and the United States; and

(B) have served in the past as key components of the United States war effort; and

(13) silver has been mined in Nevada throughout its history, with every significant metal mining camp in Nevada producing some silver.

(b) IN GENERAL.—Section 5116(b)(2) of title 31, United States Code, is amended—

(1) in the 1st sentence, by striking "except silver transferred" and all that follows through the period at the end of such sentence and inserting "or may obtain silver from other sources as appropriate."; and

(2) by striking the 2nd sentence.

(b) STUDY REQUIRED.—

(1) STUDY.—The Secretary of the Treasury shall conduct a study of the impact on the United States silver market of the coins minted and issued under section 5112(e) of title 31, United States Code.

(2) REPORT.—Not later than 1 year after the date of enactment of this Act, the Secretary of the Treasury shall submit a report of the study conducted under paragraph (1) to the chairman and ranking minority member of—

(A) the Committee on Banking, Housing, and Urban Affairs of the Senate; and

(B) the Committee on Financial Services of the House of Representatives.

(c) ANNUAL REPORT.—

(1) IN GENERAL.—The Director of the United States Mint shall prepare and submit