

not help a veteran, did not help defend our Nation. Just squandered on interest on our now \$6 trillion debt.

On your watch, we have added \$511 billion of new debt. You have been Speaker for 1300 days, yet you will not let us have a vote on one of the most simple laws of all and that will say that my generation will not burden my children's generation and my grandchildren's generation with our debts, that we will spend no more money in this body than we collect in taxes that year, a constitutional amendment that almost every State already has, so that they do not stick their kids and their grandkids with their bills.

Mr. Speaker, you have been Speaker for 1300 days and yet you cannot find time for that law to be voted on. I would ask on behalf of my children and my yet unborn grandchildren that you give this body an opportunity to vote on that.

CORPORATE ACCOUNTABILITY

(Ms. JACKSON-LEE of Texas asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, we needed this. Over the months we have suffered, we have watched the marketplace go up and down, but, more importantly, I have watched my constituents living in the city of Houston and those around the Nation see their investments for retirement go down the drain.

And so I am proud to be able to join the gentleman from New York (Mr. LAFALCE) and the other body who presented one of the strongest corporate responsibility and accountability bills that this Nation will ever see. It will tell the poor guy on the street, it will tell the common thief who steals a loaf of bread and goes to jail for 5 or 10 years, that justice in America reigns not only on the streets, but in the corporate boardrooms, because we will have a board to oversee auditors and accounting features as it relates to their work for corporations; we will make sure that there is no grand profit on consulting fees and you are supposed to be telling the corporation what they are doing wrong; and we will give shareholders, the moms and dads and grandparents who have lost their investment, the right to sue so that they can recover dollars that they have lost; and, yes, we will put in jail those who have done wrong.

Mr. Speaker, this is a good bill and I will join my colleagues today, providing leadership to the marketplace of America.

CONFERENCE REPORT ON H.R. 3763, SARBANES-OXLEY ACT OF 2002

Mr. OXLEY. Mr. Speaker, pursuant to the previous order of the House of July 24, 2002, I call up the conference report on the bill (H.R. 3763) to protect investors by improving the accuracy

and reliability of corporate disclosures made pursuant to the securities laws, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to the order of the House of the legislative day of Wednesday, July 24, 2002, the conference report is considered read.

(For conference report and statement, see proceedings of the House of July 24, 2002 at page H5393.)

The SPEAKER pro tempore. The gentleman from Ohio and the gentleman from New York (Mr. LAFALCE) each will control 30 minutes.

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

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

Mr. Speaker, I bring to the floor today a tough, sensible conference report that responds in a measured way to the very real crisis of confidence among America's 85 million investors. I am proud of the result we have reached. We act with the assurance that Congress must do something, yet remain acutely aware of the dangers of overreacting to a genuine problem and making matters worse.

Make no mistake, this is a difficult period for those who love and cherish the free enterprise system. Since early 2000, our capital markets, although still the most respected in the world, have unquestionably suffered a series of blows—mostly self-inflicted—which have truly damaged the public's faith in the integrity of corporate America. The Committee on Financial Services, and this body, have not sat idly by, however. Indeed, in response to Enron, Global Crossing and other bankruptcies, my committee was the first out of the gate, holding a series of hearings and passing a good, targeted bill on the House floor in April with the support of 119 of my Democratic colleagues. Nearly 3 months would go by before the Senate passed companion legislation.

The Senate built on the House bill's chief objectives, strong oversight of accountants, increased corporate responsibility, and improved information for investors.

The conference report before us today includes important provisions from both sides of the Capitol, but it also contains the following proposals offered only by the House: Disclosure of important company information to investors in real time, the inclusion of civil fines levied by the SEC in restitution funds for defrauded investors, tougher criminal penalties for a broad array of corporate crimes, and increased SEC supervision of the accounting oversight board. Though by no means a panacea, the conference report will help restore investor confidence in our markets. Investors can be assured that convicted corporate criminals will be sentenced to long jail time. In my view, the prospect of doing time, real time, will serve as an effective deterrent to wrongdoing in the corporate suite.

We saw a little bit of that yesterday with the arrest of the Adelphia executives in New York. Investors will now get better information and will get it faster and they will have more faith in the numbers because the accountants will be more vigilant, as will audit committees.

This legislation, combined with the truly substantive and far-reaching reforms proposed by the industry's self-regulatory organizations and the brutal and unforgiving market forces, will help restore faith in the system. A strong dose of character, honesty and ethics would not hurt, either.

For two decades in Congress, I have advocated a free market approach to regulation, but I also believe that capitalism can only flourish under the rule of law. Those views are not at odds. In fact, they are quite consistent. Government must be careful not to overreach and stifle the entrepreneurial spirit that has made the United States the most successful economy in the history of the world. At the same time, government has a responsibility to punish—and do so swiftly and severely—those who seek to cheat and steal from others.

I believe the conference report crafts a careful and appropriate balance of these two philosophies. I am proud of the bipartisan process that produced this legislation. Corporate accountability is an investor and retiree issue. It is not a partisan issue, and those who would attempt to make it so do a real disservice to all of us.

I urge all of my colleagues on both sides of the aisle to vote for this historic, pro-investor bill.

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

□ 1030

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

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

Mr. LAFALCE. Mr. Speaker, it is with great pleasure that I rise today in strong support of the conference report on H.R. 3763. Our conferees have taken an already good bill passed by the Senate and have strengthened it further.

The resulting legislation is a major step forward in reforming the operations of our financial markets and rebuilding our system of financial reporting in ways that will restore the confidence of investors at home and abroad.

I am particularly gratified that the final bill includes many of the provisions that I first introduced in the House and called for as early as last year. The centerpiece of this bill is the creation of a strong independent oversight board for the accounting industry. As with the oversight board in my bill, the oversight board included in the final conference report will be independently funded and will have strong disciplinary, investigatory, and, most importantly, standard-setting powers. I

thought this was extremely important. No longer will the accounting industry be able to set the rules for itself without regard for the interests of shareholders.

Moreover, as in my original bill, auditors will no longer be permitted to perform consulting services that create conflict between their duties to shareholders and their self-interests. These measures, combined with the very important improvements in corporate governance, will strengthen audit committees and their oversight of both auditors and management. As a result, auditors will once again become the watchdogs for the shareholders, rather than the lap dogs of management.

The requirements in the bill that CEOs and CFOs certify the financial statements of their companies are again drawn from my original legislation and substitutes that I offered on the floor in motions to recommit. These requirements will ensure that executives will no longer be able to evade responsibility for the numbers that their companies put out. This requirement, combined with the tough criminal penalties established by the bill, will help to ensure that executives are held responsible if they seek to mislead and defraud investors.

We should be clear, however, that this should not be the end of Congress' work in restoring the integrity of our financial reporting system and our markets. Auditor conflicts and weak corporate governance were significant contributors to the deterioration of our financial reporting system. But the conflicts created by stock options were another serious issue that we have yet to address. I regret that. So there is more that we can and should do to limit the conflicts faced by securities analysts, to strengthen corporate governance and to protect workers laid off by bankrupt companies along the lines of an amendment that the gentleman from Mississippi (Mr. SHOWS) had hoped to propose.

I have said and believe that this bill is an enormous victory for workers and investors. But let me also say this: It is a victory for the thousands and thousands of honest accountants and honest corporate executives as well, the vast, vast preponderance of all accountants and all corporate executives. With the measures we put in place by this legislation, they now have the opportunity to reclaim their reputations from those few who have brought shame on American business. It is my hope that this legislation will begin to restore the reputation of American business and financial markets as the best in the world.

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 and include extraneous material on H.R. 3763.

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

There was no objection.

Mr. OXLEY. Mr. Speaker, I am pleased to yield 4 minutes to the gentleman from Louisiana (Mr. BAKER), the chairman of the Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises.

Mr. BAKER. Mr. Speaker, I thank the chairman for yielding me time.

Mr. Speaker, this is indeed a very important moment in Congressional history, and I wish to express my appreciation to the gentleman from Ohio (Mr. OXLEY), the ranking member, the gentleman from New York (Mr. LAFALCE), and Chairman SARBANES and ranking member GRAMM in the Senate. They have done extraordinary work in bringing us to this point in time.

Much has been said about bringing those to justice who have violated their corporate responsibility. I can think of no more sweeping change in the current body of law than the conference report this House will soon consider. It offers more change, breadth of change and significance of change, than any Congressional action since the 1933 and 1934 Securities Acts themselves.

It is appropriate, I think, to recount how we got to this point. Last year the Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises, at the direction of the gentleman from Ohio (Chairman OXLEY) began its inquiry into the conduct of analysts and the apparent conflict between their recommendations and what they seemed to know about company performance. From that early beginning until now, there has been revelation after revelation as to corporate wrongdoing.

Nothing perhaps made a more visual impact on American investors, shareholders, pensioners and employees than watching the news yesterday as corporate executives were handcuffed and hauled away. The people of America are not only expecting it, they are demanding it. How is it possible for a person to work all his life for a corporation, be given stock rather than salary increases, and, on the verge of retirement, be told that the stock is worthless, while the CEO of the corporation seeks to retire in a \$15 million mansion in Florida where he is above and beyond the reach of the law? That is not acceptable. It is not acceptable to me, I do not believe it is acceptable to this Congress, and I know it is not acceptable to the working people of this country.

This is an outrage. There is no more privileged position in America today than to be the CEO, CFO or leading manager of a Fortune 500 company. Of those people we expect the highest level of ethical and moral conduct because of the extraordinary powers and opportunities which they are granted by this wonderful free enterprise system. Today we bring an end, I believe, to those abuses.

You must sign that statement, and if you sign it and it is not accurate, there

are consequences. If you misrepresent the material facts of your corporation, if you lie about what is going on, there are criminal consequences for that misrepresentation. If you choose simply not to tell the truth, there are consequences for that misrepresentation. In fact, the bill before us today doubles the penalties for violations of those responsibilities.

But that is not enough. It is not enough to tell the truth. It is not enough that after we catch you we put you a way for a long time. We want to go after those ill-gotten gains, that profit you made by misrepresenting the material facts of your corporation while manipulating the books and profiting for your own best interests. We want to make sure those mansions, those benefits, those golden parachutes are collapsed, folded up neatly, put into a closet and sold off so that the shareholders back home can get their hands on their money. That is what has been lost in all of this.

A corporate executive takes capital from individual investors, hard-working investors saving for their first home, their child's education or their retirement, and has a fiduciary responsibility to manage that money for their mutual good. What has happened, they have taken that money and put it in their pocket.

I do not know how we are going to ultimately get to all of the State bankruptcy protections that allow these corporate mansions to be built, the extreme levels of financial worth, to allow a CEO to escape all of his liabilities and move into the home, live there 6 months, sell it and take the money and move to the south of France, but we are going to get there. This bill does not go quite that far, but over the next Congresses we are going to continue the work to make sure that no one who is defrauded by an irresponsible act of corporate abuse does not get full recompense for the wrong.

This is a great day, a great conference report. I salute the gentleman from Ohio (Chairman OXLEY) and Chairman SARBANES for their extraordinary work.

Mr. LAFALCE. Mr. Speaker, it is my pleasure to yield 2½ minutes to the gentleman from Pennsylvania (Mr. KANJORSKI), the distinguished ranking member of the Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises, who coauthored the original bill that we introduced early this year that forms the gravamen of this bill.

Mr. KANJORSKI. Mr. Speaker, I thank the gentleman from New York for yielding time.

Mr. Speaker, may I take the opportunity to say how pleased I am to be here in support of this conference report, because I, together with the gentleman from New York (Mr. LAFALCE), opposed the bill originally passed in April by the House of Representatives for the simple reason that it was not sufficiently sound enough to meet the

needs that were even evident in April, and have become far more evident now. But I dare say that as a result of the efforts of the gentleman from New York (Mr. LAFALCE) in crafting the alternative Democratic proposal in the House that did not have the opportunity to go forth to the conference, it did strengthen the Senate's hands in the drafting of the Senate proposal, which ultimately is the basis for this conference report.

Mr. Speaker, we have not solved everything, by a long shot. We have much to do. But I believe that we have now put teeth into the accounting process. I, for one, am a person that supports the marketplace and non-government regulation, when possible. But if there is anything we have learned over the last 9 or 10 months, it is the absence of regulation has allowed the fox to take control of the hen house at the corporate level at some of the financial institution levels, at the accounting level, and we have seen grievous harm done not only to these fine corporations, but to the investors in the corporations, to the employees of the corporations, and to all the pension funds and 401(k) fund investors across the country that took on the representation of accounting firms and CEOs and boards and all these people that things were done properly.

We have addressed accounting irregularities, executive abuse and corporate governance malfeasance, but we must come back and do more, and this is only the beginning.

I heard the chairman of my subcommittee, the gentleman from Louisiana (Mr. BAKER), talk about something that I want to respond to. We have seen on television all these mansions in Texas and Florida. I would say to the gentleman from Louisiana (Mr. BAKER), the answer is we do not have to do a special bill. We can take out the exemption in the bankruptcy law so every State in the Union has the same basic principle, a \$750 deduction, nothing else. There is no reason in Texas and in Florida you can have a \$25 million mansion, go into bankruptcy, and keep your mansion.

Mr. OXLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin (Mr. SENSENBRENNER), the distinguished chairman of the Committee on the Judiciary.

Mr. SENSENBRENNER. Mr. Speaker, 9 days ago on this floor I stated we must crack down on the corporate criminals and rebuild America's confidence in our markets. I said the best way to do that is to punish the corporate wrongdoers and to punish them harshly. I am pleased to say that the conference committee report before us today accomplishes that goal.

The House members of the conference committee insisted on and prevailed on all of the tougher penalties that were contained in H.R. 5118, the Corporate Fraud Accountability Act of 2002, which passed the House overwhelmingly by a vote of 391 to 28.

Under these penalty provisions, corporate criminals are going to do time; real time, real long time. The report increases the penalties for mail and wire fraud from the current 5 years to 20 years and creates a new securities fraud section that carries a maximum penalty of 25 years. It also strengthens laws that criminalize document shredding and other forms of obstruction of justice and provides a maximum penalty of 20 years for such violation. The legislation punishes top corporate executives that certify the financial statements of the company knowing they are false by subjecting them to fines of up to \$5 million and 20 years in prison, or both.

The provisions of the conference report also increase the penalty criminal penalties for those who file false statements with the SEC to a maximum penalty of \$5 million and 20 years in prison, and, if a corporation files a false statement, then the fines increase up to a maximum of \$25 million.

Mr. Speaker, the report also contains House language that makes it a crime for someone to knowingly retaliate against a whistle blower and provides a criminal penalty of up to 10 years for such offense. I would also point out that the restitution laws for all criminal activity are in place for these crimes as well, so the court can order restitution for those shareholders and employees who have been defrauded.

By passing this conference committee report, America will know that those who abuse the law and tarnish corporate America's reputation will go to jail for a very long time. These are tough penalties that will crack down on the corporate crooks and go a long way to protecting the life savings of many Americans by making the price of such theft too high.

I urge my colleagues to support this conference report.

□ 1045

Mr. LAFALCE. Mr. Speaker, I yield 1½ minutes to the gentlewoman from New York (Mrs. MALONEY).

Mrs. MALONEY of New York. Mr. Speaker, I rise in strong support of this conference report, the strongest reforms since FDR was President in corporate law. Our markets run on trust and this trust has been violated. This bill puts forward new tough standards based on old values to restore investor confidence.

The overwhelming majority of the accountants in the U.S. are hard-working, honest people, but the self-regulation of their industry has failed. This bill responds with the Sarbanes-LaFalce proposal for the strongest possible new independent accounting oversight board. It also adopts the Sarbanes-LaFalce plan to put an end to the inherent conflict of interest of allowing the same firm to provide both audit and consulting services for the same client.

Investors have lost faith in boards of directors and managers to look out for

their interest. This legislation empowers independent members of boards to hire and fire auditors, prohibits trades during pension blackouts, requires CEOs and CFOs to certify the accuracy of their company's financial statements, and if there are misrepresentations, they face criminal penalties.

More and more Americans depend on the markets for a secure retirement. Executives who take advantage of investors will now face serious jail time for securities fraud, up to 25 years.

Importantly, the bill also authorizes \$776 million for the SEC, including money for pay parity.

Finally, I want to thank the gentleman from Ohio (Mr. OXLEY) for his work on this legislation and the hearings he held. I especially want to thank the gentleman from New York (Mr. LAFALCE) who recognized a crisis in financial reporting years before it became front page news. This legislation may be called the Sarbanes-Oxley Act, but much of it is the hard work and product of the gentleman from New York (Mr. LAFALCE) and leader on the Committee on Financial Services, on the House floor and in the conference.

Mr. OXLEY. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Ohio (Mr. BOEHNER), the chairman of the Committee on Education and the Workforce.

Mr. BOEHNER. Mr. Speaker, I am pleased that the conference report before us contains two provisions that were in the Pension Reform Act passed here in April. These two provisions were in the Senate bill and were agreed to in the conference, one providing a 30-day notice of any potential blackout period and, secondly, a proposal to make sure that the top floor and the shop floor have the same rights when it comes to selling of stock during blackout periods, and there is a prohibition on 16(b) employees, top-end employees, from selling stock during a blackout period.

I am also pleased that contained in this legislation are new penalties for violations of ERISA. The penalties have not been increased or changed since 1974 when ERISA was first enacted. They are in this bill.

Let me make it clear that the pension provisions that are in here which mirror proposals made by President Bush back in April come nowhere close to the comprehensive Pension Protection Act that the House passed on April 11. We are still waiting for the other body to act, and as the Washington Post noted this morning in their lead editorial, this bill that we are passing today is the first step, but if we are serious about restoring investor confidence, restoring the confidence of American workers in their own retirement plans, it is time for Congress to act on a pension bill.

While there is a lot of rhetoric coming from the other body, there is no legislation and there is no opportunity to go to conference like we did on this bill and to bring about good policy.

Several days ago, I described what was happening on this bill as a stampede, and I want to say that I am very surprised, and I am very surprised because we have two adults in this body, the two people who chaired this conference, my good friend from Ohio (Mr. OXLEY) and the gentleman from Maryland (Mr. SARBANES), who stood up to say, slow down, let us try to make sure that we have sound policy here, and the gentleman from Maryland was under great political pressure to do nothing, but I have got to give him an awful lot of credit for his willingness to sit down and to fix what were glaring problems that many did not want to fix and wanted to pass in a rush to judgment. They both should be congratulated for their excellent work.

Mr. LAFALCE. Mr. Speaker, I yield 1½ minutes to the gentleman from North Carolina (Mr. WATT).

Mr. WATT of North Carolina. Mr. Speaker, I thank the gentleman for yielding time.

Let me applaud the chair and ranking member of the House Committee on Financial Services for the job that they did starting the process. We had a bill that was a reasonable start, that has been significantly improved upon during the course of the conference, and one of the things that the bill does is ratchet up criminal penalties, but I want to take some time to say that I am not sure that just ratcheting up criminal penalties will do the job.

But there are some things in the conference report which require us and the SEC and the GAO to do additional studies and report back to the committees of jurisdiction about either regulatory action that is recommended or legislative action that is recommended, and one of those things is an SEC study of violations and violators and whether we have been aggressively going after the violators civilly and whether we have undermined the ability of individuals to bring claims in civil court to enforce their rights and protect their status as investors.

I do not want to overlook some of those studies that will be reporting back to us because I think this bill is really just the first step, and I applaud us for making that step.

Mr. OXLEY. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. SMITH) a conferee and a member of the Committee on the Judiciary.

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

Mr. SMITH of Texas. Mr. Speaker, I thank my friend from Ohio for yielding me time.

Mr. Speaker, this conference report goes a long way in achieving two necessary goals. First, it helps us determine who those are who have abused the public trust, in general, and employees' trust and stockholders' trust, in particular.

Second, this conference report makes sure that an appropriate level of punishment is available.

In considering this conference report, though, we should remember that the proportion of corporate executives who are culpable is a very, very small fraction of the whole. The vast majority of executives are law-abiding who have contributed much to the prosperity of America.

Finally, Mr. Speaker, I want to single out a business leader, Andy Grove, chairman of the board of Intel, for his constructive suggestions on how to increase corporate responsibility. Mr. Speaker, I have been happy to have been a part of the conference that produced this conference report. Mr. Speaker, I include in the RECORD two articles, one written by Andy Grove and one about him.

[From the Washington Post, July 17, 2002]

STIGMATIZING BUSINESS

(By Andrew S. Grove)

I grew up in Communist Hungary. Even though I graduated from high school with excellent grades, I had no chance of being admitted to college because I was labeled a "class alien." What earned me this classification was the mere fact that my father had been a businessman. It's hard to describe the feelings of an 18-year-old as he grasps the nature of a social stigma directed at him. But never did I think that, nearly 50 years later and in a different country, I would feel some of the same emotions and face a similar stigma.

Over the past few weeks, in reaction to a series of corporate scandals, the pendulum of public feeling has swung from celebrating business executives as the architects of economic growth to condemning them as a group of untrustworthy, venal individuals.

I have been with Intel since its inception 34 years ago. During that time we have become the world's largest chip manufacturer and have grown to employ 50,000 workers in the United States, whose average pay is around \$70,000 a year. Thousands of our employees have bought houses and put their children through college using money from stock options. A thousand dollars invested in the company when it went public in 1971 would be worth about \$1 million today, so we have made many investors rich as well.

I am proud of what our company has achieved. I should also feel energized to deal with the challenges of today, since we are in one of the deepest technology recessions ever. Instead, I'm having a hard time keeping my mind on our business. I feel hunted, suspect—a "class alien" again.

I know I'm not alone in feeling this way. Other honest, hard-working and capable business leaders feel similarly demoralized by a political climate that has declared open season on corporate executives and has let the faults, however, egregious, of a few, taint the public perception of all. This just at a time when their combined energy and concentration are what's needed to reinvigorate our economy. Moreover, I wonder if the reflexive reaction of focusing all energies on punishing executives will address the problems that have emerged over the past year.

Today's situation reminds me of an equally serious attack on American business, one that required an equally serious response. In the 1980s American manufacturers in industries ranging from automobiles to semiconductors to photocopiers were threatened by a flood of high-quality Japanese goods produced at lower cost. Competing with these products exposed the inherent weakness in the quality of our own products. It was a serious threat. At first, American

manufacturers responded by inspecting their products more rigorously, putting ever-increasing pressure on their quality assurance organizations. I know this firsthand because this is what we did at Intel.

Eventually, however, we and other manufacturers realized that if the products were of inherently poor quality, no amount of inspection would turn them into high-quality goods. After much struggle—hand-wringing, finger-pointing, rationalizing and attempts at damage control—we finally concluded that the entire system of designing and manufacturing goods, as well as monitoring the production process, had to be changed. Quality could only be fixed by addressing the entire cycle, from design to shipment to the customer. This rebuilding from top to bottom led the resurgence of U.S. manufacturing.

Corporate misdeeds, like poor quality, are a result of a systemic problem, and a systemic problem requires a systemic solution. I believe the solutions that are needed all fit under the banner of "separation of powers."

Let's start with the position of chairman of the board of directors. I think it is universally agreed that the principal function of the board is to supervise and, if need be, replace the CEO. Yet, in most American corporations, the board chairman is the CEO. This poses a built-in conflict. Reform should start with separating these two functions. (At various times in Intel's history we have combined the functions, but no longer.) Furthermore, stock exchanges should require that boards of directors be predominantly made up of independent members having no financial relationship with the company. Separation of the offices of chairman and CEO, and a board with something like a two-thirds majority of independent directors, should be a condition for listing on stock exchanges.

In addition, auditors should provide only one service: auditing. Many auditing firms rely on auxiliary services to make money, but if the major stock exchanges made auditing by "pure" firms a condition for listing, auditing would go from being a loss leader for these companies to a profitable undertaking. Would this drive the cost of auditing up? Beyond a doubt. That's a cost of reform.

Taking the principle a step further, financial analysts should be independent of the investment banks that do business with corporations, a condition that could and should be required and monitored by the Securities and Exchange Commission.

The point is this: The chairman, board of directors, CEO, CFO, accountants and analysts could each stop a debacle from developing. A systemic approach to ensuring the separation of powers would put them in a position where they would be free and motivated to take action.

I am not against prosecuting individuals responsible for financial chicanery and other bad behavior. In fact, this must be done. But tarring and feathering CEOs and CFOs as a class will not solve the underlying problem. Restructuring and strengthening the entire system of checks and balances of the institutions that make up and monitor the U.S. capital markets would serve us far better.

Reworking design, engineering and manufacturing processes to meet the quality challenge from the Japanese in the 1980s took five to 10 years. It was motivated by tremendous losses in market share and employment. Similarly, the tremendous loss of market value from the recent scandals provides a strong motivation for reform. But let us not kid ourselves. Effective reform will take years of painstaking reconstruction.

Our society faces huge problems. Many of our citizens have no access to health care; some of our essential infrastructure is deteriorating; the war on terror and our domestic

security require additional resources. Attacking these problems requires a vital economy. Shouldn't we take time to think through how we can address the very real problems in our corporations without demonizing and demoralizing the managers whose entrepreneurial energy is needed to drive our economy?

The writer is chairman of Intel Corp.

[From the Wall Street Journal, July 22, 2002]

THE BELTWAY BUBBLE

Since President Bush unleashed the political furies on the private sector with his speech on July 9, stocks on the Dow have fallen by about 13.5%, including another 4.6% on Friday. This can only mean that investors are demanding more regulation, more punitive laws and more anti-business rhetoric, right?

Believe it or not, that's what some people with allegedly above-average IQs are writing. The truth is closer to the opposite, with investors now discounting not just for market risk but for a new and dangerous element of political and regulatory risk. With Congress in a stampede, and Mr. Bush abdicating veto oversight, the law of unintended consequences is in the saddle riding events.

Consider the fine print now contained in legislation sponsored by Joe Biden and Orrin Hatch that whooped through the Senate last week. Time magazine made Intel Chairman Andrew Grove its man of the year in 1997. But Senator Bush, with his vast corporate experience, is now insisting on language that would likely drive Mr. Grove and independent chairmen like him out of the business.

Here's the problem: The Biden-Hatch bill would require that CEOs, chief financial officers and board chairmen all certify, under threat of criminal sanction, the accuracy of company financial statements. This makes sense for CEOs and CFOs, who are actively managing the business. And for companies that combine the CEO and chairman positions this is also logical.

But some companies prefer to divide the CEO and chairman posts, with the CEO running the business but the chairman playing the role of counselor or independent intermediary with the board of director. It's one way of helping the board supervise the CEO, which is supposed to be a main goal of the latest corporate "reforms."

Yet the Biden legislation would all but end this often useful division of responsibility. Very few non-CEO chairmen in their right mind are going to risk jail by certifying results they are not actively managing. Mr. Grove, for example, gave up his CEO duties at Intel in 1998 at age 61, but he retains the chairman title that allows him to set the agenda for board meetings and consult with CEO Craig Barrett.

"It's a very healthy thing," Mr. Grove tells us. "The power of setting the agenda is incredible. I basically control what we are going to talk about at board meetings, not Craig." Other companies that have non-CEO chairmen include Cisco and Microsoft, where Bill Gates gave up his chief executive role to Steve Ballmer but is obviously still a valuable contributor to the company. Whatever else investors are clamoring for, we doubt it's a high technology sector without the skills and institutional memory of Andy Grove and Bill Gates.

By the way, the Biden-Hatch bill contains other troubling provisions that someone at the White House should inspect. In its language demanding that CEOs certify their financial results, it uses words like "appropriateness" and "recklessly" that are vague and legally undefined. This will only invite prosecutorial abuse, not to mention a trial-lawyer field day, which may in fact be why

those words have quietly made their way into the Senate-passed bill. (Senator Hatch, were you paying attention?) If Congress is going to put CEOs in prison for a decade or more, doesn't it have an obligation to make sure that what they get sent away for is some specific and actual crime?

The Biden language shows how in Washington's current mood the zeal to punish business is trampling common sense. Any House Member who raises any doubt about the wisdom of anything in the Senate bill gets a media pounding as a lackey of business.

Obviously something is going to pass this year. But it would help the economy, as well as corporate governance, if the politicians burst their own bubble of righteousness and first thought carefully about the real-world consequences of what they're doing.

Mr. LAFALCE. Mr. Speaker, I yield 1½ minutes to the gentlewoman from California (Ms. WATERS), a distinguished member of the conference committee.

Ms. WATERS. Mr. Speaker, I am very pleased to have been a part of the conference committee, and we are finally legislating a corporate responsibility bill. It is long overdue, and if, in fact, the gentleman from New York (Mr. LAFALCE), our ranking member, had had his way on the House side, we would have had a tougher bill and we would have had it a long time ago.

Unfortunately, even though I am very appreciative for the work that the gentleman from Ohio (Mr. OXLEY) eventually did on this bill, if he had taken the leadership of our ranking member, we would have had this bill passed out a long time ago, and it would have been even tougher.

This bill will make corporate CEOs and others responsible. They will have to sign the financial statements, and they will have to take responsibility. I participated in one aspect of the bill for disgorgement so that these people who are committing fraud will not be able to realize the gains that they would have, to put that money back into a disgorgement account.

We are also, in this bill, curbing the practice of the insider loans. We are protecting whistleblowers. We are eliminating conflict of interest and setting up an independent board to oversee accounting firms.

This is a good start. We are going to see more of the scenes that we are seeing with Adelphia where corporate giants who have committed fraud are going to be taken out in handcuffs.

We are going to have to do more as the days roll along. We are going to find that there are more crimes being committed. I am very appreciative to the Democrats in this House for providing the strong leadership that was necessary to force the adoption of this conference report and this legislation.

Mr. OXLEY. Mr. Speaker, I am pleased to yield 2 minutes to the gentlewoman from New York (Mrs. KELLY), the chairwoman of the Subcommittee on Oversight and Investigations of the Committee on Financial Services, and a member of the conference committee.

Mrs. KELLY. Mr. Speaker, I thank the gentleman from Ohio for yielding me the time.

Mr. Speaker, today we are here to approve the conference agreement for the corporate accountability legislation. With the Senate adoption of the House's top priorities of tougher penalties, openness, so the investor can evaluate a company before they invest and money back to defrauded investors, this conference agreement stands as a product that both sides can be proud of.

This legislation punishes corporate crooks. It strengthens oversight of the accounting industry and empowers investors with much faster access to critical information about the companies in which they invest. This legislation will shine a bright light into the shadows of America's corporate board rooms so the public is not kept in the dark, and when they make an investment, that investment will be sound and based on truth and openness and honesty.

The corporate executives, the heads of these businesses, need to know they are being watched and they will be put in jail if they use their company to line their own pockets at the expense of our investors.

I applaud the gentleman from Ohio (Mr. OXLEY) and his excellent staff and Senator SARBANES and his fine staff. They need to be recognized for the conception of most of the provisions in this bill and the fortitude and the resolve to bring the legislation forward through this process in a very bipartisan and open manner.

Last week, Chairman Greenspan spoke before the Committee on Financial Services about how strong our economy is and talking about that our economy is strong even though our corporate system is frayed. This legislation contains the tools necessary to mend the bonds which have been abused by the people who have been motivated by greed and strengthen others, which ensure a strong and vibrant economy.

Chairman Greenspan also emphasized that the criminal penalties section in this legislation is the most important part of this legislation. With the Senate acceptance of the House's tougher penalties, we have ensured that the most important part of this legislation is the best possible.

I look forward to our passing this conference report today so it can be sent to the White House so the President can enact this legislation giving employees and investors the needed protections and confidence they require and they deserve.

Mr. LAFALCE. Mr. Speaker, I yield 1½ minutes to the gentleman from Texas (Mr. BENTSEN) a distinguished member of the committee.

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

Mr. BENTSEN. Mr. Speaker, I rise in strong support of this bill. I need to say to my colleagues I am actually surprised. I think this is a very good conference report. The recent declines in

the U.S. equity markets are due in large part and have been exacerbated by the breakdown in corporate governance, and a lot of the shenanigans, quite frankly, that has been going on in corporate America, whether it is Enron, WorldCom, Adelphia, Xerox, you name it.

This bill is really quite substantive because of the work of the gentleman from New York whom I think we all owe a great debt of gratitude for on this bill that really starts to address this, and Members have gone through the substantive aspects, the oversight body, the limitations on consulting, the new disgorgement rules, criminal penalties, bans on egregious practices and corporate loans, all of those items, and there are many in this bill, and I am surprised at how well it has been put together.

I think what is also important about this legislation is that it sends a very clear message from the Congress, and I hope we have a strong vote today in the House on this bill, because it is not just the substantive factors or the interpretive factors of this bill.

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For too long Congress has sent a very mixed message to the regulators of what they are supposed to do. All of us know we can pass laws to do lots of things, but unless they are enforced, they will be meaningless. This bill puts us on record of enforcing the laws with respect to public accounting, with respect to corporate governance; changing things that, quite frankly, a few years ago I would have been surprised. A few years ago, people were trying to get outsiders off of corporate boards. Now we are mandating them on corporate boards.

So I want to commend the managers, the chairman and the ranking member, but particularly the gentleman from New York (Mr. LAFALCE) for the work he has done on this bill. He deserves a great deal of credit.

This is a good bill, it ought to get a large degree of support so investors will make decisions on economic issues and not lack confidence.

Mr. OXLEY. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. ROYCE), a member of the conference committee.

Mr. ROYCE. Mr. Speaker, I thank the chairman for yielding me this time; and actually, this measure contains the best of both, some Democrat ideas and some Republican ideas. I think the final language on the independent accounting board was very close to the Sarbanes bill. But the provision put forward by House Republicans that we would now have 25 years hard time for securities fraud is important. It will be a deterrent.

I am delighted to see the concept that we are going to criminalize shredding, the concept that we are going to increase penalties for wire fraud and mail fraud. The Republican idea also that when we get convictions, when

this SEC brings back the resources from those who have committed corporate malfeasance, that money will then go back to the shareholders, the Baker's amendment, that is an important gain for this bill.

I think Chairman OXLEY, in including the provision to disclose material changes to financial conditions and in real time so that the public sees that as soon as any insider trader sees that is another important change that we brought in on the Republican side of the House bill.

So this is the best of both Democrat and Republican concepts, and it will protect the shareholders in the future and offer deterrence.

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

The SPEAKER pro tempore (Mr. SWEENEY). The gentleman from New York has 17¾ minutes remaining.

Mr. LAFALCE. Mr. Speaker, I yield 1 minute to the gentlewoman from Oregon (Ms. HOOLEY).

Ms. HOOLEY of Oregon. Mr. Speaker, I would like to congratulate Chairman OXLEY and the gentleman from Louisiana (Mr. BAKER) for finding the willingness to simply do what is needed to fix the problem in our accounting system and to restore investor confidence in corporate America.

I also thank the gentleman from New York (Mr. LAFALCE) and the gentleman from Pennsylvania (Mr. KANJORSKI) for their foresight and early leadership. We needed to restore the public confidence in the market. Tens of millions of Americans invest in the market and tens of millions more work in publicly traded companies. It is these individuals and these individuals alone who this Congress must protect. After all, this is the people's body, not the Fortune 500 body.

So I thank my colleagues for sitting down with the gentleman from New York (Mr. LAFALCE) and Senator SARBANES and delivering on a bill that puts the interest of the public first. My colleagues' actions prove that bipartisanship is a tangible commodity. I would hope that the consensus we were able to reach on this bill can be replicated in other badly needed measures.

Before closing, I would like to point out that no one, no one has worked harder on this bill than our ranking member, the gentleman from New York (Mr. LAFALCE). While we have not agreed on everything, the gentleman's efforts to protect consumers and investors has been unfailing and will be sorely missed in the 108th Congress.

Mr. OXLEY. Mr. Speaker, I am pleased to yield 2 minutes to the gentlewoman from New Jersey (Mrs. ROUKEMA).

(Mrs. ROUKEMA asked and was given permission to revise and extend her remarks.)

Mrs. ROUKEMA. Mr. Speaker, I rise in strong support of this legislation, and I certainly want to commend the Speaker of the House and the chairman of the committee for bringing it up before the August recess.

Certainly there has been a lot of discussion, and I do not have to go over it again, about the crisis of confidence that there has been. That has been more than adequately stated. But the crisis of confidence in our economic system has been out there, and dealing with this legislation today takes us a giant step in the right direction to restoring that confidence in both our corporate leaders as well as our Congress and the free enterprise system, which we commend.

I want to thank Chairman OXLEY and certainly the gentleman from Louisiana (Mr. BAKER) for making the point in the conference committee. As strongly as I supported the Sarbanes bill, they did add improvements to the bill, which deal with, but it is the FAIR fund to return the ill-gotten gains and the real time corporate disclosure provisions. And I thank the gentleman from Ohio (Mr. OXLEY) and the gentleman from Louisiana (Mr. BAKER) for including them in this conference report.

However, I will say that it is not perfect. It is very good, but not perfect. I am disappointed, more than a little bit, in the fact that we did not deal with the accounting treatment of stock options. I was very disappointed in that, but I accept it as part of this agreement. And I also accept it because I am confident that Senator MCCAIN will be advancing another form of this legislation in the future in the other body, and I believe that we will then be able to have a proper and full discussion.

In conclusion, I would like to say that this is landmark legislation, a key element of Congress' effort to eliminate corruption in corporate America. The bill tells corporate criminals that they are no longer above the law, and it holds those executives who have defrauded the investors and harmed the American economic system, holds them accountable with tough new criminal penalties. It also helps to close the loopholes that have allowed them to continue these offenses in the corporate community.

Mr. Speaker, once again, I certainly thank the chairman and the gentleman from Louisiana (Mr. BAKER), as well as the ranking member, the gentleman from New York (Mr. LAFALCE), and our other Democrat colleagues for their bipartisan cooperative effort.

Mr. Speaker, I rise in strong support of the (H.R. 3763) Corporate and Auditing Accountability, Responsibility, and Transparency Act of 2002, and I want to commend the Speaker of the House for showing clear vision and strong leadership in bringing this legislation to the Floor. I also want to commend the gentleman from Ohio, the Chairman OXLEY of our Committee on Financial Services, for living up to his commitment to bring this important legislation back to the House before we begin our summer district work period. And I strongly commend Representative JOHN LAFALCE for his leadership and cooperation in structuring the bipartisan support.

Mr. Speaker, over the last few months our economy has been damaged by the drip-drip-

drip of newspaper stories, television accounts and press releases recounting the latest corporate accounting scandal, revenue over-projection, financial irregularity or out-and-out "cooking of the books" by our captains of industry.

I agree with the President of the United States and the Chairman of the Federal Reserve, Alan Greenspan, who each said last week that the foundation of our economy is strong. And that we are continuing to recover from the financial downturn precipitated by the terrorist attacks of last September 11.

But still, we face a crisis of confidence. Every public opinion poll shows that the American people have low-expectations when it comes to the economy, and they think that a majority of corporate leaders are crooks and that this is an area where Congress can and must act in a bipartisan manner.

Indeed, irresponsible corporate leaders have forced us to act. The American people expect us to act. The American economy needs us to act. In fact, the mere prospect of our actions today helped produce a steep rise in the stock market yesterday. We must continue to restore confidence in the Congress and in our free enterprise system. And today we are taking a giant step.

Last April, House passage of the Corporate and Auditing Accountability, Responsibility and Transparency Act was a giant step in the right direction. Senate passage of the so-called Sarbanes bill was another critical step forward. And today, we complete the Congressional journey by passing this legislation.

The Chairman of the conference committee has outlined the major provisions of this bill. Suffice it to say that I am pleased that the conference report establishes a new, independent oversight board, funded by publicly traded companies, to monitor the accounting industry. The bill also forbids accounting firms from performing many other services for their public company audit clients, including consulting. It would also establish a host of new important reporting and disclosure requirements for public companies.

I want to commend Chairmen OXLEY and BAKER for their contributions to this strong conference report. As noted by Chairman OXLEY in his debate the House Committee added strong demands: real-time corporate disclosure to protect investors by giving them the information they need to safeguard their financial future; establishment of the FAIR fund to return ill-gotten corporate gains to investors; significantly increased criminal penalties for corporate crooks that defraud the public, shred documents or otherwise obstruct justice. Criminals can steal more money with a briefcase than with a gun. Businessmen who extort the American public should be punished like the common criminals they are. This bill ensures that corporate wrongdoers go to jail for their crimes.

I would also add that the final legislative package includes two important pension-related provisions from our Education and Workforce Committee. One would bar company insiders from selling their own stock during "blackout" periods when workers can't make changes to their 401(k)s; and the other would require pension plan administrators to notify workers 30 days before the start of any "blackout" period affecting their pensions.

However, I have to say that I am disappointed that the conference agreement in-

cludes no provision to address the question of the accounting treatment of stock options. I believe this is a mistake. Congress should require the Federal Accounting Standards Board to deal with it. And I am confident that Senator MCCAIN will be advancing legislation on options in the other body.

In the final analysis, this is a landmark legislation—a key element of Congress' effort to eliminate corruption in corporate America. This bill tells corporate criminals that they are no longer "above the law." It holds those executives who have defrauded investors and harmed the American economic system accountable with tough new criminal penalties. It helps to close the loopholes that have allowed for continued offenses in America's corporate community.

Mr. Speaker, the American people expect us to act. The economy needs us to act. I urge my colleagues to live up to and now we are acting.

Support the Conference report.

I yield back the balance of my time.

Mr. LAFALCE. Mr. Speaker, I yield 1 minute to the gentleman from Vermont (Mr. SANDERS), a member of the committee.

Mr. SANDERS. Mr. Speaker, I thank the gentleman for yielding me this time. This legislation is an important step forward, and I support it; but it should be clear that if we are serious about tackling corporate greed, much more needs to be done.

We have seen in recent years that the heads of the largest corporations in this country have lied about their financial statements, they have cheated on their taxes, moved their companies abroad, and they have thrown loyal American workers out on the street as they move companies to China. They have cut the pensions and health care benefits of their workers. Now is the time for us to address that overall question of corporate greed.

The most important thing that we can do is to pass real campaign finance reform, public funding of elections. So once and for all we end the scourge of big money dominating the White House and the United States Congress, and once and for all we begin to represent all Americans rather than the rich and the powerful.

Mr. OXLEY. Mr. Speaker, I am pleased now to yield 1 minute to the gentleman from Delaware (Mr. CASTLE).

Mr. CASTLE. Mr. Speaker, let me thank all those involved in putting this together.

For all those individuals out there who shudder when they see the stock market reports, or like me, do not open any envelopes that contain any information about their own assets at this point, but let them pile up in a corner, this bill is for you. It takes a lot of strong and positive steps, as have been outlined here in terms of dealing with the corporate responsibility and the corporate governance issues we needed to address.

I believe we have seen the clouds, I believe we have seen the rain in the form of Enron, WorldCom, and a few

others. Now we are seeing the clearing someplace out there, as we search to get brighter. And, hopefully, it will get even brighter yet. This piece of legislation may be a first step, but it is a very large first step we have taken.

Like others who have spoken today, I believe we do have to deal with other issues. I believe we have to look at the question of expensing options. I believe we have to look at separating analysts from the investment banking side of a number of firms in the United States of America. Perhaps we can go to less dependence on quarterly reports, more real-time reporting in terms of financial information coming from the corporations and a variety of other steps.

But I think that Congress has stepped forward in a very responsible fashion, and I congratulate everybody. The gentleman from New York (Mr. LAFALCE), I know, had a lot of ideas in this, as well as the gentleman from Ohio (Mr. OXLEY), and the Senator from Maryland, Mr. SARBANES, on the other side. They have done a wonderful job.

This should start to give reassurance to our markets and to people across America.

Mr. LAFALCE. Mr. Speaker, I yield 1 minute to the gentlewoman from California (Ms. LEE), a member of the committee.

Ms. LEE. Mr. Speaker, I rise today in strong support of this conference agreement to H.R. 3763, which significantly reforms our current system to bring true responsibility and accountability to these major corporations who have used creative accounting and fraud to advance their own greed.

I want to especially thank our ranking member on the Committee on Financial Services for all of his hard work, the gentleman from New York (Mr. LAFALCE), for pushing these very strong reforms, and to Chairman OXLEY for ensuring that this is a bipartisan plan.

While I was extremely disappointed that the Republican leadership brought up such a weak bill earlier this year, one that I voted against, I am delighted that they agreed to a much stronger provision in the LaFalce legislation.

This agreement protects employees and investors, separates auditing and consulting functions, which got Enron and the other corporations into the mess that they are in now, and sets up an independent board.

Now, I hope that soon Congress can take the next step and provide restitution to laid-off workers and investors who lose their life savings. CEOs and high-ranking executives should forego their golden parachutes and multi-million-dollar-year bonuses while their companies are going bankrupt, and instead give workers and investors first rights to these funds.

Once again I want to thank the gentleman from New York (Mr. LAFALCE) for his leadership and Chairman OXLEY for bringing such a responsible bill to the House floor.

Mr. OXLEY. Mr. Speaker, may I inquire as to how much time remains on both sides.

The SPEAKER pro tempore. The gentleman from Ohio (Mr. OXLEY) has 11 minutes remaining, and the gentleman from New York (Mr. LAFALCE) has 14 $\frac{3}{4}$ minutes remaining.

Mr. OXLEY. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. COX), a member of the conference committee.

Mr. COX. Mr. Speaker, I thank the chairman for his extraordinary good work.

Fraud and unfair dealing are the enemies of the free enterprise system. And as we can see from the turmoil in our markets, our country is paying a very high price because of the corporate fiduciaries who have broken faith with their employees and their investors.

We have tough laws on the books to deal with all manner of crime, including corporate crime; but just as bacteria mutate to avoid the latest antibiotics, those who cook the books are constantly changing their recipes, and we have to keep our laws and our remedies up to date.

Enron, Global Crossing, WorldCom, and the other cases that we have seen have all centered around accounting frauds. Abuses of accounting rules were central to each of these cases. Using the regulatory thicket of detailed accounting rules, the malefactors in these cases intentionally structured sham transactions to disguise their true financial condition. That is why the central reform in this legislation is the creation of an accounting oversight board to see to it that accounting standards once again make financial reports truthful, honest, and clear.

As we raise the legal standard here today, we should bear in mind our obligations to do still more to raise ethical standards so that the best and the brightest will continue to want to join the accounting profession; so that our most experienced citizens, possessed of good judgment, are willing to undertake the significant oversight responsibilities on corporate boards of directors; and so that entrepreneurs will still take the risks and dream boldly without fear of being second-guessed if the race is not won.

This is an important step we are taking today, Mr. Speaker. I am very happy to join in support of this conference report.

Mr. LAFALCE. Mr. Speaker, I yield 1 minute to the gentlewoman from Ohio (Mrs. JONES), a member of the committee.

(Mrs. JONES of Ohio asked and was given permission to revise and extend her remarks.)

Mrs. JONES of Ohio. Mr. Speaker, I know that this committee is very short of time, and so I will give my time back to the ranking member; but I want to say it is a shame that we were here in April doing legislation like this and ended up having to come back

when we really realized that we needed to hold CEOs accountable.

Mr. Speaker, I rise today in strong support of H.R. 3763, the Conference Report on Corporate Responsibility and I seek permission to revise and extend my remarks.

The events of the past months have underscored the importance of transparency in corporate governance. While many believed that Enron was an isolated occurrence, the failures of Tyco, Global Crossing, and WorldCom have eroded confidence in the markets, both here and overseas.

Investment in the stock market is important to our economy and as a wealth-creating tool for people of all income levels. Although the majority of companies are operated honestly, investors will not trust the market if they believe that their money is not safe. If investors don't invest—the economy will stagnate which hurts people at every level of our society. Recent drops in value of stock markets both here and around the world reflect uncertainty and a current lack of investor confidence.

It is our responsibility to hold accountable those companies and individuals that act dishonestly and erode investor confidence. I support this bill and I commend the conferees because they have crafted a strong piece of legislation. This bill would remove conflicts of interest and strengthen corporate accountability by a number of key reforms such as: creating a strong and independent board to oversee the accounting profession; by requiring separation of the auditing and accounting functions of firms; by reforming the independence of stock analysts and decreasing the influence of investment banking firms over analysts; by authorizing \$776 million to the Securities and Exchange Commission to enable them to achieve higher staffing levels to enforce the law.

Although these reforms are needed, there are other, holistic changes that need to take place as well.

Over the past decade, CEO tenure has dropped while salaries have risen dramatically. This has created a climate in which some dishonest CEO's may be tempted to "take the money and run." This costs a pall on the majority of executives who operate honestly.

When CEO's and others are compensated with stock options, the options are not shown as a business expense on a company's balance sheet. This distorts the cost of these options to shareholders, who are not provided a clear picture of a company's financial position. It may also provide an incentive to "cook the books" to achieve quick gains in stock price for an executives' personal benefit. This malfeasance has a clear effect on workers who lose their jobs and investors who lose their money.

I support the Democratic proposal to allow stockholders to determine whether management is compensated with stock options. This change in corporate governance would ultimately reward companies that operate cleanly by restoring investor confidence in companies with transparent operations.

Mr. Speaker, this week Congress has accomplished a great deal to help workers, investors, and the stability of markets the world over. We will continue to build our economy over the weeks and months to come.

Mr. OXLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania (Mr. TOOMEY).

Mr. TOOMEY. Mr. Speaker, I thank the chairman for yielding me this time.

Mr. Speaker, the outright fraud of the recent accounting scandals constitutes theft that is appalling in nature and staggering in size. Millions of honest hardworking Americans who played by the rules, made sacrifices so that they could save and invest, saw those investments devastated when they were lied to by senior executives who cooked the books for their own personal gains.

Fact is, we have been robbed; and the outrage is justified. But, today, Congress will pass tough legislation to begin to restore confidence, to start to provide new protections for small investors, workers and pension holders.

Mr. Speaker, as you know, we passed a strong bill in this House last April. I am very happy that we finally got a product from the other body in July and we were able very quickly to reach a consensus and pass this tough historic legislation that will just take us closer to that vital goal that we are trying to accomplish, which is greater transparency and truthfulness in financial reporting.

I would just want to remind my colleagues that despite the calamities that we have recently seen, our free enterprise system is still the greatest wealth-producing, poverty-destroying, opportunity-creating system in the history of the world. And with these reforms, our system will start to recover the confidence that it deserves from investors in America and all around the world.

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Mr. Speaker, I want to congratulate the gentleman from Ohio (Mr. OXLEY), the gentleman from New York (Mr. LAFALCE), and the other members of the conference committee for getting this job done quickly.

Mr. LAFALCE. Mr. Speaker, I yield 1 minute to the gentlewoman from Indiana (Ms. CARSON), a member of the Committee on Financial Services.

(Ms. CARSON of Indiana asked and was given permission to revise and extend her remarks.)

Ms. CARSON of Indiana. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I want to applaud the gentleman from New York (Mr. LAFALCE), the ranking member, for staying the course and insisting that we protect America and American investors, and also to Senator SARBANES.

I rise in support of H.R. 3763 for many reasons. I realize that regardless of what we call it, there was passed by this Congress in 1994 a bill called Private Securities Litigation Reform Act which opened up the floodgates for corporate greed. I appreciate the gentleman from New York (Mr. LAFALCE) staying the course and giving more money to SEC so they have more resources to overseeing all these public companies, over 17,000 plus.

Mr. Speaker, I rise to voice my support for the conference report on H.R. 3763, however today we are being asked to vote on the minimum that Congress should do and not the best.

According to the U.S. Department of Labor, within the past year, from May of 2001 to May of 2002 the unemployment rate in my home district of Indianapolis, IN rose from just under 3% to 4.5%. Now, there are more than 39,000 people unemployed in the city of Indianapolis alone.

This high rate of unemployment is severely straining my state's health care plan. According to the Indianapolis Star, enrollment in Indiana's Medicaid program will reach its highest level ever to cover nearly 800,000 residents, which is 56,000 more than are currently covered now. This increase in program participants has caused a \$660 million difference between the budget and actual Medicare costs and is playing a major role Indiana's budget crisis. This is a problem that more than 40 states have to deal with in this current economic crisis.

Mr. Speaker, even though we have all of these impressive statistics, they really have very little meaning to the average American worker. What means something to them is when they see their retirement benefits and life savings going down the drain because some large corporation has misled their investors.

Mr. Speaker, the corporate crisis has hit home in Indiana as well. Indiana has its own Enron in AES Corporation, the global power company and new owner of Indianapolis Power and Light. Like Enron, IPALCO management sold stock while employees were encouraged to keep investing in the company plan. After AES took control the value of employee stock fell from \$180,000 to around \$18,000.

Now, as the Indianapolis Star reported last week, people like Joe Nelson, a coal-handling supervisor at IPALCO, who had saved almost \$400,000 after 31 years of work can no longer retire. Joe has been forced to open up a lawn mowing business just to help pay for the bills.

Joe and his family are not alone, Mr. Speaker, many Americans are being forced to postpone their retirement. In a recent Gallup pole 20% of those surveyed said they expect to delay their retirement by an average of 4.4 years because of the recent economic crisis.

We are constantly told that the stock drops are rollercoasters, binges and economic hangovers that will disappear. However, it is the retirement dreams of hard working hoosiers and the pension fund of state governments that we see vanishing with little chance of reappearance.

The Conference bill before us today provides the absolute minimum protections to protect investors and restore market confidence.

Still, this measure could be stronger and certainly disgorging the ill-gotten gains of these criminals and redistributing profits to the victims must be the next step.

We hear frequently that there is little that Congress should do and limit our interference. However, Congress passage of The Private Securities Litigation Reform Act of 1995 got us to where we are today. It repealed the civil RICO, thereby preventing defrauded investors from obtaining triple damages when they bring securities fraud claims.

Mr. Speaker, if we are to restore market confidence, and investors and workers are to be made whole, Congress must pass a strong bill that sets penalties, protects whistleblowers, sends wrongdoers to jail, and ensures transparency.

Assets required through fraud and betrayal of confidence should not be allowed to stand when countless Americans close to retirement must now rethink how they will downgrade their retired lives.

Mr. Speaker, indeed, if crime does not pay, Congress must reaffirm that truth. We cannot, and must not, remain confused and weak in our response to this crime wave.

We are a free market and American business interests but American business must begin to conduct itself like it is interested in Americans.

Mr. OXLEY. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey (Mr. FERGUSON).

Mr. FERGUSON. Mr. Speaker, I rise in strong support of this conference report. We have heard a lot of partisan posturing in the last several weeks about this issue and trying to use this issue for partisan gain. This issue is not about partisan politics, this is about people, hard-working Americans who play by the rules, working toward their own retirement and economic security.

Today we can finally put the partisan bickering aside and pass real reforms that are going to save and protect the retirement security of millions of Americans. This is not a win for either side on the political aisle, this is a win for employees and investors and our free market system that is based on the concept of trust.

Both the bill we passed in April and the bill that the Senate passed more recently had good provisions, and this bill before us today, the conference report, combines the strongest features of both bills. It incorporates strong accounting oversight and bans firms from offering services that create conflicts of interest. It establishes tough criminal penalties because corporate criminals should not be allowed to keep the money at the expense of hard-working Americans who wind up suffering. No more mansions, no more yachts, no more private jets or guaranteed cozy retirement packages for corporate executives who betray the public trust. By passing this legislation, we send a clear message to the corporate CEOs and to the accounting firms who monitor their companies, let me be very clear: If you violate the public trust, if you flush down the retirement security of millions of Americans, you will and you deserve to go to jail.

Mr. LAFALCE. Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. CROWLEY).

Mr. CROWLEY. Mr. Speaker, I rise in strong support of this conference report as it represents real reforms to protect investors, and will lead to the first steps to restore investor confidence in our markets.

In addition to strengthening the role of the audit committees, prohibiting

executives from trading the stocks when employees cannot, and including strong language with respect to disgorgement, this bill also cracks down on the formerly unaccountable accountants. As every American with a 401(k) knows, working Americans saw new examples of accounting abuses almost daily, leading to a complete breakdown in the system of outside auditing of publicly traded firms.

This bill prohibits these practices and I salute the ranking member, the gentleman from New York (Mr. LAFALCE), for championing these types of reforms from day one, even when Democrats were being voted down on party line votes in the committee to pass these types of reforms. This bill strengthens audit committees, punishes criminal acts by greedy CEOs and, most importantly, will ensure the independent auditors of America's publicly traded corporations are actually independent.

I think that this landmark legislation serves as a great tribute to our departing colleague, the gentleman from New York (Mr. LAFALCE). This House and all American investors owe a deep debt of gratitude to the gentleman. This is a good bill, and I salute the gentleman from Ohio (Mr. OXLEY), Senator SARBANES, and especially the gentleman from New York (Mr. LAFALCE) for their hard work.

Mr. OXLEY. Mr. Speaker, I yield 1 minute to the gentlewoman from New Mexico (Mrs. WILSON).

Mrs. WILSON of New Mexico. Mr. Speaker, we have had some greedy people who cooked the books, aided by accountants who dishonored their profession. That is fraud, and they should go to jail for it. Now we are going to tighten down some of the rules of the system to make sure that this cannot happen again, and to restore confidence in the American system of free enterprise.

I support American free enterprise, and because I support free enterprise, we need to crack down on people who would break the law and steal people's retirement security and the amount of money they are saving for their kids' education.

It is a good step forward, and I commend the committee for their hard work and for sending a clear message to the American people. We are a country of free enterprise, and we will not tolerate people who break the law.

Mr. LAFALCE. Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. ISRAEL), a member of the Committee on Financial Services.

Mr. ISRAEL. Mr. Speaker, I rise to support this conference report, but with a word of caution. This bill offers new rules and regulations. The fact is that we had rules, and they were ignored. We had laws and they were broken. We had regulations and they were worthless. We had laws on the books, and the books were cooked.

Now we have new laws, and I am sure we have plenty of lawyers already parsing the words and figuring out ways around them.

Mr. Speaker, all of the new rules and regulations will not be effective if the fox continues to guard the henhouse. The words in this bill will be no more than words if regulators continue to look the other way. With this bill has to come true reform in how the White House and the SEC and the Justice Department enforce those laws. The American people played by the rules. They have seen their retirements delayed, their college tuition funds depleted, their downpayments disappear. Now they will be watching how serious Washington is, not on the day that we pass this bill, but in the years going forward when it must be enforced. We will be judged not by what we pass today, but by how it is enforced tomorrow.

Mr. OXLEY. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania (Mr. GEKAS).

Mr. GEKAS. Mr. Speaker, I rise in strong support of this legislation, and one of the strong elements in it is what attracts me to a positive vote for all of us in this measure. That is the tougher penalties that are built into the new system that we are about to embark upon. The deterrent value of that by itself makes it worthwhile for us to support this legislation.

But as a passing glance on this whole scene, the American public ought to take some satisfaction from the fact that the current law, the law that is now on the books, has brought to justice the Arthur Andersen firm, has brought to justice others in the various schemes that have come to light, indictments are pending, and just recently we had a picture in the Washington Post of the Adelphia CEOs being brought to justice.

Mr. Speaker, as we are about to make the penalties tougher, we should feel a little bit better about the current system because it is bringing some of these people to justice.

Mr. LAFALCE. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Mr. Speaker, surely it is a true mark of success when the same Republican leadership allows this bill to reach the floor after they refused to respond years ago with genuine change, and, even after the Enron fiasco, they rejected strong new laws, and who only a few hours ago this very week were trying to mangle the determined reform efforts of the gentleman from New York (Mr. LAFALCE) and Mr. SARBANES. "Success," by this measure, yes.

But for those who are about to retire and now see their retirement account vanished, for those who saved to support a young person obtaining a worthwhile college degree and now have only worthless securities, for those who labored in their jobs and find themselves jobless, this success comes a little too

late to celebrate. They cannot even afford the champagne cork to pop. For thousands of Americans, an ounce of prevention from Congress that would have truly ensured a vigilant public watchdog instead of a toothless lapdog for corporate wrongdoers would have been worth much more than this belated pound of cure that comes long after so many have suffered so very severely. They can justifiably ask this Congress, "Where were you when we needed you?"

Mr. OXLEY. Mr. Speaker, I yield 1 minute to the gentlewoman from Pennsylvania (Ms. HART), a valuable member of our committee.

Ms. HART. Mr. Speaker, I thank the gentleman for yielding me this time.

The House's decision to bring this bill to a conference with the Senate was much derided, especially by those on the other side of the aisle. But I am here to support this conference report and bring up a couple of points that are very important in the bill that would not have been included but for the decision of the gentleman from Ohio (Mr. OXLEY) and others to bring this bill to a conference.

The most important is that many people lose money when these corporate criminals steal money. Those people are the investors, the employees of those companies. The Senate bill did not include any provision for those people to recover their money. That was placed into the bill in conference placed in by the Republican House. This is one of the most important issues to those who have invested in 401(k)s for their retirement, and those saving money for their children's education. Those people will be able to recover monies as a result of a decision by the House to go to conference as a result of this fine conference report that we will vote on today.

Mr. Speaker, the adoption of real-time disclosure will help people make better decisions, and as a result of this conference report, we will have much better enforcement.

Mr. LAFALCE. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina (Mr. PRICE), a former member of the Committee on Financial Services.

Mr. PRICE of North Carolina. Mr. Speaker, I rise in strong support of the conference report on the Corporate Accountability and Accounting Reform bill. I particularly want to commend the ranking member, the gentleman from New York (Mr. LAFALCE), for his steadfast leadership. I also want to congratulate our House Republican conferees who, after opposing the House counterpart of the Senate bill, offered by Democrats, have finally read the economic tea leaves and capitulated to the Senate on the bill's major provisions.

We now have a bill that creates a strong accounting oversight board, restricts the nonaudit services that accounting firms can provide to audit clients, implements tough new corporate

responsibility standards, requires public companies to disclose financial information quickly and accurately, prohibits stock analysts' conflicts of interest, and authorizes the SEC to enhance its investigative and enforcement capabilities.

At last we have a serious reform bill. I urge my colleagues to support it.

Mr. LAFALCE. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. BONIOR), the distinguished former minority leader.

Mr. BONIOR. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, if Americans work hard, they deserve a good wage. If they get sick, they deserve health care. If they put a lifetime of service into a company or government, they deserve a pension that nobody can take away.

Over the last several months, we have witnessed despicable acts of corporate irresponsibility by some of our Nation's largest corporations. Workers and investors in Enron and DCT and WorldCom and others, they have seen their life investments, their life savings, disappear, their pensions wiped out, their health care benefits stolen, their lives destroyed in many instances.

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Those at the top have refused to take responsibility while everybody else has taken the fall.

We are here today to send a message loud and clear that if somebody breaks the security laws, if they rob hard-working people of their pensions, they will go to jail just like they would if they would rob a bank. We are standing here to today and we are standing for the rights of working people to know that their wages and their pensions and their benefits are secure.

Mr. Speaker, this is a good effort and a good work by the gentleman from New York (Mr. LAFALCE) and Mr. SARBANES and others in this body. I commend it to my colleagues, and I urge them to vote yes on this conference report.

Mr. LAFALCE. Mr. Speaker, I yield 1½ minutes to the gentleman from New York (Mr. HINCHEY).

Mr. HINCHEY. Mr. Speaker, beginning in 1995, the leadership of this Congress was successful in the following deregulatory efforts. They shielded accountants and corporations from shareholder lawsuits. They killed new Securities and Exchange Commission proposals to increase standards to ensure that auditors are independent and objective in certifying corporate numbers. They cut the Securities and Exchange Commission budget, essentially limiting their ability to protect investors from security scam artists. They passed deregulation of energy derivatives, which enabled Enron to run wild, and they opposed President Clinton's efforts to participate in international efforts to check offshore tax havens. In other words, they created the climate

and increased the incentives to commit the kind of corporate fraud that has robbed millions of Americans of their pensions and financial security.

This bill corrects some of those, let me call them, mistakes. But it does not do all that needs to be done. It does not deal with the issue of corrupt manipulation of stock options. It does not deal with the problem of fraudulent IPOs. Yes, this bill is a good bill as far as it goes. It is certainly better than that cream puff legislation that was out here last April or the fraudulent piece that came out here last week. This is a much better effort and deals to some extent, to a significant extent, with the real problems that were created as a result of the deregulation mania that swept through this House and the other House as well beginning in 1995. So let us pass it but let us not kid ourselves. This was created here. It needs to be corrected here and the job is not yet done.

Mr. LAFALCE. Mr. Speaker, I yield 1½ minutes to the gentlewoman from Texas (Ms. JACKSON-LEE), a member of the Committee on the Judiciary.

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman from New York (Mr. LAFALCE) and the gentleman from Ohio (Mr. OXLEY) as well who, as he will recall in the early days of the Enron debacle, I joined him in his hearings and I thank him for the kindness extended. And for those of us in Houston, we thought that the world had collapsed and it was only us.

I remember a teaming town hall meeting that I held with the interim leadership of Enron, and one of those laid-off employees stood up and said that he budgets his shaving cream and his toothpaste because he was barely left with 75 cents. Those employees were laid off within 24 hours after Enron had filed bankruptcy, within 72 hours of giving retention bonuses of \$105 million to corporate execs.

But then we found out there was a roll call of corporate failures in America. We knew it was not us, but we realized that on behalf of America we had to do something. And I am glad that Mr. LAFALCE stayed strong on the strength and the toughness of these legislative initiatives that would bring us now to the point where we do have criminal penalties for securities fraud, and though I have an omnibus bill that includes many of these features, and I am delighted that they are incorporated in this legislation, we needed to speak now and we are speaking now because we have legislation that penalizes those who would alter or destroy documents.

It unfolded again in Houston as the Andersen trial proceeded. We give shareholders the right to sue and most of all we require reports when corporate insiders dump their stock. But, Mr. Speaker, we have yet one more thing to do and I hope we will do it,

and that is, to give secured status to those unemployed workers who suffer when a company files bankruptcy, and I hope we will pass that legislation in the near future. I ask my colleagues to vote for this bill that will send a strong message to the corporate markets of America.

This has been a year when the faith of ordinary Americans has been badly shaken. The restatements of corporate earnings have been followed by accusations of corporate wrongdoing at some of the country's largest and most touted corporations, including Global Crossing, Bristol Myers Squibb, Tyco International, and Worldcom Inc. The billions of dollars in losses in shareholder equity are mounting every day.

The string of recent corporate disclosures undermines investor confidence, scares off foreign investment, and slows down an already shaky recovery. To me, it is not enough to talk about accountability, you have to act to ensure it. Innocent investors have been betrayed by the abuses of creative accounting practices and financial disclosure or more appropriately non-disclosure. I am appalled at what has happened to them as a result of this tragic event.

In today's economy, there is an emerging crisis of a lack of universal confidence in our markets. What has failed is nothing more than the system of overseeing our capital markets. We have an opportunity and obligation to repair the trust of investors. It's tempting to brush aside business ethics as a nebulous, well-intentioned subject suitable for business school, with little practical value in the real world. That is a big mistake. A 2000 survey by the Ethics Resource Center found that 43 percent of respondents believed their supervisors don't set good examples of integrity. The same percentage felt pressured to compromise their organization's ethics on the job. That's a startling number, two years before Enron imploded.

A crucial feature of corporate ethics is the understanding of the business organization as a moral actor. Moral actor means that the company can be held responsible and accountable from an ethical perspective.

It is important to recall that the insistence on corporate ethics does not diminish the importance of the ethics of individuals and institutions. Corporate ethics fills a gap and recognizes the crucial roles which business organizations play in modern societies. When moral actors are held responsible for what they can do the usual games of finger-pointing and blaming each other can be reduced. It has become common practice for corporations to prepare an ethics code for the guidance of their officers and employees. However, one corporate C.E.O. has argued that this is simply an empty gesture since, "those corporations with a sound moral base do not need it and for the others it is just a fig leaf." This is supported by the fact that the introduction of corporate codes did not prevent the recent white collar scandals.

There is a tendency in many corporate ethics codes not to make the same clear cut demands of its directors as are made of its employees. Consequently, it is difficult for employees to refrain from full disclosure when managerial pressure is constantly brought upon them to make a sale at any price. Moreover, corporate ethics codes which promote

whistle blowing, must in all fairness provide protection (financial, moral and job security) for the whistle blower. No corporate ethical code can operate when management policy seeks to find legal loopholes in the requirements of the fiscal or regulatory authorities. Just as the codes require individual conscience and morality so do they require corporate management understanding that to be law abiding is not enough.

I believe this is the time for immediate action by Congress as thousands of employees and families are counting on congressional leadership to rise up against corporate failures. Congress has a responsibility to working class citizens of this country to provide legislation that (1) ensures plan protection of retirement accounts, by requiring plan diversification; (2) provides employees with investment advice about plan assets; and (3) expands and imposes both civil and criminal liability for pension plan fiduciaries and administrators. I think that Congress has failed to enact the reforms needed to curb these corporate accounting scandals.

The Enron debacle stands as a corporate wrong. The Enron fiasco has established beyond a shadow of a doubt that white collar fraud can be incredibly damaging and costs innocent Americans billions of dollars of their hard earned money. Enron employees worked hard to build Enron into one of America's largest and most profitable corporations, and they should not be punished for what their corporate managers did.

Employees are fearful of losing their jobs. Investors are worried whether they should continue to hold stocks in these failing corporations and the stock market. Retirees are concerned about the safety of their pensions. All these concerns undermine confidence in our financial markets and have the potential to derail our economic recovery. Because of all the corporate scandals that we have seen, thousands of workers have been hurt, and millions of investors and retirees have seen their 401(k)s gutted. I have introduced a bill that protects workers, protects shareholders, and protects pensions, H.R. 5110, the Omnibus Corporate Reform and Restoration Act of 2002.

H.R. 5110 prioritizes employees by allowing them to make claims on their corporation, after the corporation has filed for bankruptcy protection, for wages or severance of up to \$15,000. This is important because workers have worked hard to build profitable corporations, and should not be penalized by the fraudulent behavior of their corporate managers.

Moreover, H.R. 5110 provides oversight of Boards of Directors, and prohibits loans to company officers and directors, and creates criminal penalties for destroying or altering documents. In addition, the bill effectively prevents plan administrators from engaging in unlawful and unethical practices, and ensures that plan participants who are allowed to diversify their interest are adequately represented on pension boards and receive adequate independent investment advice. In addition, H.R. 5110 punished those who destroy or manipulate evidence of fraud. H.R. 5110 provides prosecutors with better tools to effectively prosecute and punish those who defraud investors and provides for tough criminal penalties to make them think twice before defrauding the public.

H.R. 5110 toughens criminal penalties for altering or destroying documents. It also prohibits loans to officers and directors, which are authorized by the Board of Directors. It establishes a 20 percent Limitation on Employer Stock and Real Property held by Participant in Certain Individual Account Plans. In addition, H.R. 5110 allows for plan participants to "opt out" of the 20 percent limitation provided that they give signed and written notice of such waiver. H.R. 5110 improves Accounting Standards for Special Purpose Entities [SPE]. It compels the SEC to direct the Financial Accounting Standards Board to revise applicable SPE accounting language, by increasing the 3 percent rule to 10 percent. The 3 percent rule currently calls for an owner independent of the would-be-parent to make a substantive equity investment of at least 3 percent of the SPE's total capital.

The Senate has passed S. 2673, Public Company Accounting Reform and Investor Protection Act of 2002 sponsored by Senator PAUL SARBANES. This makes key improvements over our current system. It creates a strong independent audit oversight board to audit the auditors. It restricts the non-audit services that an accounting firm can provide to public companies it audits. What this means is that auditors will not have conflicts of interest which would interfere with their auditing. In addition, it says that CEOs and CFOs must certify the accuracy of financial statements and disclosures. Also, S. 2673 requires CEOs and CFOs to relinquish bonuses and other incentive-based compensation and profit on stock sales in the event of an accounting restatement resulting from fraud. And most importantly, it authorizes funding for the SEC to \$776 million, as compared to the \$469 million in President Bush's budget request for the SEC.

It appears that the Republicans are trying to slow down the progress of the Sarbanes bill, by bringing a bill that would impose tougher criminal penalties on fraudulent corporate executives. They have passed H.R. 5118, Corporate Fraud Accountability Act of 2002. Most troubling about H.R. 5118 is the lack of whistleblower protection and the extension of the statute of limitations for investor lawsuits.

S. 2673 extends whistleblower protections to corporate employees, thereby protecting them from retaliation in cases of fraud and other acts of corporate misconduct. Whistleblowers in the private sector, like Sharron Watkins, should be afforded the same protections as government whistleblowers. The Republican bill omits this provision.

Consequently, S. 2673 amends the unnecessarily restrictive statute of limitations governing private securities claims. Under current law, defrauded investors have only one year from the date on which the alleged violation was discovered or three years after the date on which the alleged violation occurred. Because these type of violations are often successfully concealed for several years, the Senate increased the time period to 2 years after the date on which the alleged violation was discovered or 5 years after the date on which the alleged violation occurred. This protects investors, but the Republican bill lacks this provision.

Alan Greenspan, the Federal Reserve chairman, pointed out, in his testimony to the Sen-

ate Banking Committee on July 17th, that a corporate culture blighted by infectious greed was the cause of the breakdown in confidence among investors. Chairman Greenspan, who has been an advocate of deregulation and reliance on market forces to police good business practices, acknowledged that he had been mistaken in initially opposing government involvement in oversight of auditing. "My view was always that accountants knew or had to know that the market value of their companies rested on the integrity of their operations" and that government regulation of accounting was therefore "unnecessary and indeed most inappropriate, but I was wrong".

If the Chairman of the Federal Reserve says that his opinion was wrong concerning oversight of auditors, then change is needed. We must restore confidence in our financial markets by establishing sound guidelines for corporate governance and auditing that investors can trust and feel confident with their investments. I ask my colleagues to support H.R. 2763, the corporate accountability report which includes many of the provisions of my Omnibus Corporate Responsibility Act, H.R. 5110, and is now much stronger with whistleblower protection and criminal penalties for document destruction and bad decisions by corporate executives.

Mr. LAFALCE. Mr. Speaker, I yield myself the balance of my time.

This has been a long journey. I remember when we assumed jurisdiction for the first time in the House Committee on Financial Services over the field of securities. That was January of 2001. And one of the very first things I did was to begin meeting with representatives from the SEC, the Securities and Exchange Commission; and most especially with the acting chairman at the time, Laura Unger, former staff assistant to Senator D'Amato; and also with the chief accountant at the time, Mr. Lynn Turner.

And from Ms. Unger I learned how grossly understaffed the SEC was. I learned from her how much more money they believed they needed than they were able to get out of OMB. I learned how limited their staff resources were in comparison with the enormous increase in their work load and I brought this to the attention of the House Committee on Financial Services during hearings and during markups. We really should have increased the authorization for the SEC much, much earlier.

From Mr. TURNER I learned about the enormous number of earnings restatements that the SEC was mandating. As a matter of fact, they were tripling in 6 months what they had done the prior entire year. And I learned about the earnings manipulation that was taking place in corporate America, the earnings manipulation that was being done by corporate officers, acquiesced in either knowingly, or unknowingly in a great many instances—probably in most—by corporate directors, and acquiesced in, either knowingly or unknowingly, but complicitly by audi-

tors, oftentimes with a conflict of interest.

I learned, too, about the enormous conflicts of interest that research analysts had. That alarmed me so much so that I sent a newsletter out to each and every one of my constituents in early 2001 called "Protecting Your Investments" where I talked about earnings manipulation, where I talked about the desire of corporate officers, directors, et cetera to increase market capitalization because their compensation was based, in large part, on stock options and how we needed to do something about that.

I talked in that newsletter about the conflicts of interest that research analysts have because they have become hypesters, spinsters in order to obtain investment banking business for their securities firms.

And I was disappointed when the only bill we took up was a bill that would reduce the SEC fees. We did have one good provision in that bill, and that was pay parity, but I thought we needed to give attention in 2001 to all of those issues. I was also disappointed when President Bush, at the end of 2001, did sign that bill and could not bring himself to even mention pay parity and the need for pay parity. All he talked about was how wonderful it is to cut the fees that individuals have to pay before the SEC.

I was disappointed when, even after Enron, which was at the very end of 2001, when this should have been a matter that everybody was concerned about. Wanting to do something, the President barely mentioned the problems in corporate America and could not bring himself to mention the problems of Enron. I was further disappointed because I was writing the President letter after letter that his budget in February of 2002 called for a minuscule increase of 6 percent, which was not enough to do anything. We needed so much more, as Chairman OXLEY knows, because in 2002, we did pass a bill significantly increasing the authorization, although not the appropriations, for the SEC.

It has been a long journey. There have been good and bad ideas from both Democrats and Republicans. I introduced the best bill that my staff and I could think of early in 2002. I wish it had passed earlier. It did not. I think an awful lot of its best ideas are in this conference report, as are an awful lot of the best ideas of the gentleman from Ohio and others, and I think we can stand proud today on this product. I just wish we would have acted upon it earlier. There are lessons to be learned from this for the future. This could fade from memory.

Mr. Speaker, how much time do I have left?

The SPEAKER pro tempore (Mr. SWEENEY). The gentleman's time has expired.

Mr. LAFALCE. Let us vote for the bill. And we know what those lessons are. Let us heed them in the future.

Mr. Speaker, I ask unanimous consent for 1 more minute.

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

There was no objection.

Mr. LAFALCE. We would not be here today without the tremendous work of staff. Staff really does it all. We put our names on legislation, but staff really does the work. I have had a great staff. My staff director, Jeanne Roslanowick, who is also my general counsel, is magnificent. I have had so many individuals I cannot mention them all, but Lawranne Stewart and Michael Paese of my staff have devoted almost all their time from the day they came with me in drafting this legislation. They gave it to the Senate, they worked with the Senate staff basically, and Senator SARBANES and his staff basically took our work product. It is their work product, not mine, and they should be recognized. If there are any names on this bill, it should be the names of the staffers who really drafted it.

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

The SPEAKER pro tempore. The gentleman from Ohio is recognized for 3½ minutes.

Mr. OXLEY. Mr. Speaker, we indeed, I would say to my friend from New York, have come a long way. This has been quite a journey. The gentleman from New York pointed out that we had first gotten that jurisdiction in the new Committee on Financial Services last January, and what a ride it has been on a number of very important issues, but nothing is more important really than restoring investor confidence in our system, and that is really what brings us here today in this legislation.

Our committee was the first to have a hearing when Enron became an issue. That was back last year, in December. We were the first committee to have a hearing on the WorldCom bankruptcy. We then passed meaningful legislation, known as CARTA, back in April when nobody thought we could do it, passed it out of the committee on a bipartisan vote, came to the floor, it passed by a 3-to-1 margin with 119 Democrats voting for that legislation, and the heart and soul of what we have today was embodied in the CARTA legislation.

There is a lot of misinformation out there that that is not the case. Believe me, the idea of having an oversight board, an independent oversight board, tightening the rules through the SEC, providing more penalties and more transparency all were embodied in the CARTA legislation and that is why it enjoyed such wide bipartisan support.

And then 3 months later, the Senate acted when the WorldCom situation blew up, and I give them a great deal of credit. That is what brings us here today, to adopt this conference report.

We have made enormous progress. The SEC is strengthened substantially. The gentleman from New York mentioned the analyst issue. Chairman BAKER, at my direction last year, started hearings on analyst conflicts and it brought us to a press conference in February in which we announced that the SEC and the SROs were getting together and drafting regulations. Those regulations have been in effect now for 2 weeks. Nobody knows about it because everybody is paying attention to what is going on here in the Congress, but those are very important rules that are going to be very effective in dealing with analysts and their conflicts. The New York Stock Exchange, the NASDAQ, announced listing requirements, again, virtually ignored in the media but really have teeth in terms of corporate governance. They are saying to these folks, "If you don't get your act together, you're not going to be listed on the NASDAQ or the New York Stock Exchange."

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The Business Roundtable stepped forward with best practices.

So we are here today to celebrate, I think, a very strong bipartisan bill. This is how the process works. We had great consultation and work with the Senate. I want to pay tribute to my good friend from New York, the ranking member of our committee, who I worked with on a number of issues, and also in particular Senator SARBANES, the chairman of the Banking Committee in the Senate. I cannot think of anybody that I have worked with in my 21 years in the Congress who has been more open to ideas and suggestions and has been more professional in the way he has handled himself on this important legislation, and he deserves a great deal of credit for getting us where we are today.

Sometimes in the world of Washington politics it is all about who is up, who is down, who has won, who has lost. The bottom line here is the American people have won. We have restored or are beginning to restore investor confidence with what we have done, as well as what happened in the private sector and among the regulators.

Yes, we strengthened the SEC, and, yes, even with the increased authorization, I would say to my friend from New York, the SEC will still be getting twice the amount of fees that it will take to run the organization.

This has been a wonderful experience I think for all of us, and I would encourage and urge all of the Members to support this very strong conference report. Let us get this bill to the President for his signature, hopefully as early as next week.

I think all of us can take a great deal of pride in what we have been able to accomplish today.

Mrs. MINK of Hawaii. Mr. Speaker, I rise in strong support of H.R. 3763, the Accounting Industry Reform Act. It represents an important step to restoring the integrity of our corporate system. I commend the conferees for producing a strong and effective piece of legislation.

At Enron, Adelphi, and WorldCom, executives and auditors cooked the books in order to fatten their bank accounts while placing the interests of their companies, their employees, and their shareholders at risk. The public has responded to these accounting lapses with understandable outrage. Thousands lost their savings. Even more lost their retirement accounts. Thousands are without work, and companies are facing bankruptcy.

H.R. 3673 imposes tough criminal penalties for corporate wrongdoing. Many will serve time in jail. Among other things, it punishes those who defraud shareholders of publicly traded companies and those who destroy or create evidence with the specific intent of obstructing justice. The bill also gives shareholders adequate time to pursue securities-fraud cases, protects those who disclose information that help detect and stop fraud, and compensates victims of securities fraud.

H.R. 3673 provides that corporate executives must certify their financial reports and forces those found guilty of noncompliance to forfeit profits and bonuses they may receive. It prevents officers and directors who engage in wrongdoing to move from one company to another. And, the bill prohibits corporations from providing "sweetheart" loans—that is, direct or indirect personal loans—to or for any director or executive officer.

I strongly urge my colleagues to support H.R. 3673 and send a strong message to executives, auditors, stock analysts, and directors that we will no longer tolerate a corporate culture of greed that places entire companies, thousands of jobs, and billions of dollars worth of private investments at risk.

Mr. ETHERIDGE. Mr. Speaker, I rise in support of this corporate reform bill to crack down on crooked business executives. This Congress must take action to rein in these crooks and restore confidence in American corporations.

Mr. Speaker, we must all remember that this bill regulates public corporations, not privately-held companies. By accepting money from private citizens, these corporations bear a special responsibility to their investors and need to be held accountable.

The American financial system has been the envy of the world because of its long history of integrity. Both individuals and corporate money managers around the world have long believed that they could invest in American stocks with confidence. They believed that the information they received from public companies was timely and accurate.

Lately that trust has been sorely tested, and the plunging stock market is a clear indicator of investor fears.

H.R. 3763, the Accounting Industry Reform Bill, will help restore investor confidence in America's financial markets by instituting a series of reforms that will increase corporate responsibility standards, improve regulatory oversight and toughen criminal penalties.

With this legislation Congress sends a clear message to the American people that we will not tolerate skirting securities laws in order to obscure or cover-up financial mismanagement

and mask corporate greed. This bill will enact common-sense reforms for publicly traded companies to keep investors safe and restore faith in our economic institutions.

The American people put their trust and their money into the stock market as a savings vehicle for their children's education, their retirements and their financial stability. We owe it to them to make sure everyone, not just corporate insiders and rich investors, has access to the same accurate, clear and timely information on which to base their financial decisions. I urge America's business leaders to work with Congress and regulatory authorities to successfully implement these new reforms, punish corporate criminals and restore confidence in our financial markets.

Mr. GEORGE MILLER of California. Mr. Speaker, I rise in support of the conference report on H.R. 3763, the "Corporate and Auditing Accountability, Responsibility, and Transparency Act of 2002." The fact that the U.S. Congress is responding so quickly and strongly to the corporate scandals that are unfolding each day demonstrates how serious the problem is and the danger to the entire U.S. economy. Much of the focus has been on the huge salaries, giant golden parachutes, and obscene loans, all for the executives who were mismanaging many of these corporations.

But that relentless greed has led to financial ruin for tens of thousands of employees and shattered the retirement security of hundreds of thousands of others. Throughout the 1990's, Wall Street kept telling everyone that the stock market could be an ever expanding pie and everyone would be a winner. People who had never bought a stock in their lives were convinced to invest, and often, invest with inadequate information about how to do so and protect their economic security at the same time.

But little by little, many companies had to lie and steal to keep the myth going. And now we are all paying the price. I hope the bill before us will stem the tide. I hope Wall Street and Main Street will wake up and learn to play by the rules once again. And let's be clear: this bill establishes much tougher rules. There is no magic way to make money. Companies have to earn it. They have to make products that people want to buy. They have to treat people fairly. You can't cook the books and pretend you have profits. Corporate America has to go back to the basics and earn the trust of the American people again.

I particularly want to comment on the effect the still-unfolding corporate scandals have had on our pension system and the work still before Congress. Part of today's problem has also involved companies using their pension plans like company bank accounts. That behavior must stop, and Government regulators must do a better job to ensure it has stopped. Pension plans are the employees' money. Workers should have involvement and be provided full information on how their pension plan is operated.

The bill before us requires pension plans to provide 30 days advance notice of any restrictions on the sale of employer stock or other plan investments. A proposal first included in the pension reform bill proposed by Democrats on the Committee on Education and the workforce. I am glad that the bill toughens current ERISA criminal penalties for ERISA violations.

I am glad the bill cracks down on insider trading and loans to corporate officers, a provision first proposed in legislation I recently introduced.

But, we need to go even further. It is time for the Congress to pass strong pension reform to protect the retirement security of all employees. We need to give workers a right to control their own pension funds. We need pension funds and mutual funds to demand better corporate governance. We need to look more aggressively at the adequacy of our retirement system. American workers will not be able to retire if their 401(K)s continue to be treated as piggy banks for Wall Street.

We have a lot of work still ahead of us, but today is a great step forward. I urge the Congress to continue to be vigilant and ensure that corporations play by the rules and act fairly.

Mr. OXLEY. Mr. Speaker, it is my understanding that the Board will have discretion to contract or outsource certain tasks to be undertaken pursuant to this legislation and the regulations promulgated under the Act. Examples of tasks suitable for contracting or outsourcing would include maintenance of computer databases and registration records. Of course, an exercise of discretion in this manner does not absolve the Board of responsibility for the proper execution of the contracted or outsourced tasks.

Mr. BEREUTER. Mr. Speaker, this Member rises today to express his strong support for the conference report on H.R. 3763, the Public Company Accounting and Investor Protection Act of 2002. This bill is necessary to protect investors by ensuring auditor independence in the accounting of publicly traded companies.

Recent corporate scandals, such as Enron, Arthur Andersen, WorldCom, Global Crossing, and Tyco, have shaken investor confidence in the U.S. stock market. The "looting" of businesses for unreasonable personal gain and the flagrant deception of stockholders and investors by top executives in some instances has been outrageous. This Member believes that a renewed sense of corporate responsibility in America is needed in order to restore the trust of investors. Guilty corporate leaders should serve prison terms and not in "country club" prisons. As a result of these recent corporate scandals, Congress is voting today on this conference report in order to strengthen the laws which govern publicly held corporations and accounting firms.

This Member would like to first express his appreciation to the distinguished gentleman from Illinois (Mr. HASTERT), the Speaker of the House, and the Distinguished gentleman from Texas (Mr. ARMEY), the Majority Leader of the House, for bringing this conference report to the House Floor before the August recess and thereby sending a strong signal—that corporations, and those individuals who run such corporations, must be responsible, and if they are not responsible, then this legislation will ensure that they pay a stiff price for such arrogance and deception.

This Member would also like to express his appreciation to the distinguished gentleman from Ohio (Mr. OXLEY), the Chairman of the House Financial Services Committee, for his steadfast efforts to bring this conference report to the House Floor. In addition, this Member would like to express his appreciation to the distinguished gentleman from Louisiana (Mr. BAKER), the Chairman of the Financial Serv-

ices Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises, for his innovative efforts, which are included in this conference report. Lastly, this Member would also like to give recognition to the distinguished gentleman from Maryland (Senator SARBANES), the Chairman of the Senate Banking Committee, for his good faith efforts in negotiating this conference report.

It is very important to note that in April the House acted first in response to this crisis of confidence in corporate responsibility when the House passed its original version of corporate accounting reform (H.R. 3763) on April 24, 2002, by a bipartisan vote of 334–90. The Senate later passed its legislation (S.2673) on July 15, 2002, by a vote of 97–0. However, subsequent to the House and Senate's passage of their respective bills, many more corporate accounting scandals have been brought to the public's attention. Therefore, to address these increasingly serious matters, the House passed the Corporate Fraud Accountability Act of 2002 (H.R. 5118) on July 16, 2002, to further strengthen criminal penalties and provide jail terms for accounting and auditing improprieties at publicly traded companies. As such, this Member is pleased that the conference report for H.R. 3763 properly takes the best provisions from each of the House-passed bills and the Senate-passed bill in order to give maximum future protection to American investors.

Therefore, this Member would like to discuss the following important provisions of the conference report for H.R. 3763, which provide the following: (1) creates a public company accounting oversight board; (2) increases auditor independence; (3) stiffens criminal penalties; (4) holds corporate executives accountable; and (5) provides for enhanced corporate disclosures to investors.

1. PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

First, the conference report creates a public company accounting oversight board consisting of five members whom are independent of the accounting industry. Three of the five members must never have been practicing accountants and the other two members may only be accountants who have not practiced actively for the past five years. This oversight board is authorized to set auditing, quality control and independence standards and it has disciplinary powers to impose sanctions including a finding that a firm is not qualified to audit publicly held companies.

Under current law, accountants for publicly held corporations are subject to partial oversight by both their professional organizations and governmental agencies, including the American Institute of Certified Public Accountants, the Federal Accounting Standards Board, the Securities and Exchange Commission, and the state boards of accountancy which license accountants at the state level.

2. AUDITOR INDEPENDENCE

The H.R. 3763 conference report also addresses the problems of auditor independence which, for example, were evident in Arthur Andersen's disputed accounting of Enron. This Member would like to focus on the following three auditor independence provisions of this legislation which: makes the audit committee of the board of directors of a publicly held corporation responsible for the hiring, compensation, and the oversight of the independent auditor; prohibits accounting companies from providing enumerated consulting and auditing

services to publicly held companies (This addresses an obvious conflict of interest. It is important to note that this conference report states that auditors may provide permitted consulting services, such as tax preparation, for their publicly held auditing clients with the approval of the audit committee of the client's board of directors.); and requires the rotation of the chief audit partner after auditing a publicly held company for five consecutive years.

3. STRENGTHENS CRIMINAL PENALTIES

The H.R. 3763 conference report appropriately increases the criminal punishment for those corporate crooks who defraud their investors. For example, the conference report creates a new crime of "securities fraud" whereby whoever knowingly executes a scheme or artifice to defraud any person in connection with any security shall be fined and/or imprisoned for not more than 25 years. In addition, this conference report also increases the criminal maximum prison term for mail fraud and wire fraud violations from 5 to 20 years.

Furthermore, the conference report for H.R. 3763 strengthens the laws that criminalize document shredding and other forms of obstruction of justice. This conference report allows a maximum prison term of 20 years for tampering with evidence and a maximum prison term of up to 10 years for destruction of audit records. It is important to note that the criminal penalties in this conference report are very similar to those found in the Corporate Fraud Accountability Act of 2002 (H.R. 5118) which the House passed on July 16, 2002.

4. HOLDS CORPORATE EXECUTIVES ACCOUNTABLE

As is well documented, recently a number of corporate executives have abused their power to the great detriment of their shareholders. For example, some corporate executives, who defrauded their investors of their savings, are still able to live in their extravagant mansions. The conference report for H.R. 3763 addresses these abuses, as the agreement requires chief executive officers and chief financial officers of publicly held companies to certify the accuracy of financial reports and holds them liable if they knowingly deceive the public with such reports. Furthermore, the measure also mandates that chief executive officers and chief financial officers of publicly held companies must return bonuses received within one year of any company report that requires a correction because of misconduct.

Additionally, it is important to note that this conference report further addresses corporate executive impropriety by including a provision known as the Federal Account for Investor Restitution (FAIR), which was initiated by the distinguished gentleman from Louisiana (Mr. BAKER). The FAIR provision requires that funds be returned from these fraudulent corporate executives to investors who have lost money in the markets as a result of corporate executive malfeasance.

5. ENHANCED CORPORATE DISCLOSURES FOR INVESTORS

Finally, in order to keep investors fully apprised of the activities of a publicly held corporation, a provision in the conference report requires companies to make real-time disclosures of financial information that is important to investors, such as material changes in a company's financial condition. This provision is an initiative of the House and this Member is pleased that the Senate agreed that this was an important provision to include in this measure.

Mr. Speaker, on a different note, it should be noted that this Member is a cosponsor of H.R. 5147, which was introduced by the distinguished gentlelady from California (Ms. BONO) and the distinguished gentleman from Nebraska's 2nd Congressional District (Mr. TERRY). This legislation would require that the value of stock options granted by a public corporation to an officer or employee must be recorded as an expense in a corporation's financial statement. However, this Member believes that it is very unfortunate that the concept behind H.R. 5147 is not included in the conference report of H.R. 3763.

This Member also believes that it is necessary to count stock options as corporate expenses. Publicly held companies currently are able to hide billions of dollars of costs and thus inflate profits through the loophole of not counting the cost of stock options as an expense. A distinguished Nebraskan, Mr. Warren Buffet, has been a strong advocate of counting stock options as expenses. In fact, he serves on the corporate boards of Coca-Cola and the Washington Post, both of which, on their own initiative, have decided to count their stock options as expenses. This Member would encourage other corporations to follow their example and would also encourage his distinguish colleagues (Mr. TERRY and Ms. BONO) to continue their pursuit of H.R. 5147's passage into law.

Mr. Speaker, in conclusion, this Member would note that the conference report for H.R. 3763 is a giant step forward in providing further protection for investors of publicly held corporations in the future. In addition, this Member firmly hopes that the corporate executives at Enron, Arthur Andersen, and WorldCom are punished in the proper manner for their grossly irresponsible, probably illegal, corporate behavior.

In closing, this Member urges his colleagues to support the conference report for H.R. 3763.

Mr. LUTHER. Mr. Speaker, today represents what this Congress can accomplish when we work together in a bipartisan manner. Today this Congress is poised to pass legislation that will go a long way toward restoring the integrity of the equity markets and, consequently, investor confidence in those markets.

It took us far too long to get here. In late April, this House passed a bill that represented a start, but was still wholly inadequate in addressing the deficiencies that currently plague corporate auditing and securities regulations. Those deficiencies have now largely been addressed in this Conference Report. By creating a truly independent accounting oversight board, mandating true auditor independence, requiring CEO certification of the accuracy of financial statements, imposing stiff criminal penalties for fraud, and initiating a rulemaking procedure for the conflicts of interest of stock analysts, this Conference Report represents a promising legislative response to jittery investors who understandably have lost faith in the financial information on which they rely.

Most importantly, this legislation substantively addresses the type of massive and egregious corporate fraud that has hurt so many ordinary Americans. Thousands of hard working employees have been mercilessly punished for the deeds of rich executives who enriched themselves by pushing the envelope on accounting standards, sometimes to the

point of criminal culpability. If there is one outcome to this bill that we can all be particularly proud of, it is the knowledge that we are protecting millions of hard-working Americans—their jobs, their investments and their pensions—from unethical corporate behavior. This impact on the lives of ordinary citizens cannot be understated, and I am very pleased that we have finally come together as a Congress to address their needs and not the needs of entrenched corporate interest groups that too often dominate the political deliberations of this Congress.

Thank you, Mr. Speaker, and I yield back the balance of my time.

Mr. SHOWS. Mr. Speaker, today I rise in favor of the bipartisan conference report on Corporate Accountability that provides necessary reform and the appropriate reaction to the current business climate of scandal and fraud.

Although many honest corporate officers and executives abide by sound business principles, we now have the framework in place to prevent wrongdoing and punish those who refuse to play by the rules.

Consumers, employees, and investors affected by the recent revelation of widespread financial misrepresentation and fraud deserve both answers and solutions so that confidence in accounting independence, objectivity, and integrity is restored.

In my district, the work of honest, hard-working employees and the reputation of a home grown Mississippi company has been infected by corporate greed, as executives cooked the books, deceiving the investing public and company employees.

In fact, in the few days since this conference began, WorldCom, the second largest long distance provider in the U.S. and the only Fortune 500 company in Mississippi filed for bankruptcy.

I was disappointed that the Shows-Leahy provision, which would have increased the amount of severance pay that WorldCom employees would receive under the bankruptcy filing, was not included in the conference report. Unfortunately, although House Republicans accepted almost all of the tough, Senate Democratic provisions, they refused to accept this important worker protection provision. WorldCom employees faced unexpected job loss through no fault of their own. They deserve fair treatment and due severance. As the Congressman who represents WorldCom's headquarters and the many employees and investors who have suffered from the revelation of accounting improprieties at WorldCom, I will continue to push this issue and to call on my colleagues in Congress to support common-sense worker protection.

Investors and employees charged the conference committee to look at the systemic issues that have encouraged executives in the corporate world to ignore sound business principles.

We have answered this call and delivered a strong bill. This reform package establishes a new independent, regulatory body—the Public Accounting Oversight Board—that will oversee the auditing of publicly-traded companies. Under these reform provisions, CEOs will be required to certify the accuracy of company financial reports. Company loans to corporate officers will be prohibited, and auditors will be required to maintain true independence from

the company under review. The bill also requires the forfeiture of bonuses and other incentives in the event of an accounting restatement and serious misconduct by an executive officer.

Victims whose savings and retirement was lost at the hands of greedy corporate executives should be compensated. The Corporate Accountability package requires the Securities and Exchange Commission to establish the "FAIR" fund. This fund would be used to compensate victims who lost money because of corporate wrongdoing. Funds for FAIR would come from civil penalties collected from corporate executives through administrative or judicial fines.

I appreciate the opportunity to serve as a member of the Conference Committee. I am proud of the product reached through bipartisan negotiations. I fully support the strong measures in the Public Company Accounting Reform and Investor Protection Act because, although we cannot legislate corporate morality, provisions in this bill will deter and severely penalize those who lie, cheat, and steal by falsifying a company's financial statements to pad executives' pockets on the backs of its employees and shareholders. U.S. investors and employees deserve no less.

Mr. CHAMBLISS. Mr. Speaker, I rise today in support of H.R. 3763, the Corporate Accountability Act of 2002. I congratulate my good friends Congressman OXLEY and Congressman BAKER not only for their leadership on this legislation but for the leadership they have provided to this body in passing real reforms for corporate accountability.

Whether it is Global Crossing, Arthur Anderson, WorldCom, Enron, Tyco or Adelphia the story is the same. Some executives are cooking the books and employees and public stock holders are left holding the bag. Mr. Speaker, a crook is a crook, and it doesn't matter if you use a 38 special or a golden pen if you steal you should go to jail.

I urge my colleagues to support this legislation, so when I go home to Georgia next week I will be able to look folks in the eye knowing that we passed legislation today which will, provide stiffer penalties and greater oversight, so corporate crooks will no longer be able to prey on hardworking Georgians who play by the rules.

Mr. ROYCE. Mr. Speaker, thank you for this opportunity to voice my support for this important legislation. Last Friday, during the first hearing called for this conference committee, I stated my belief that the similarities between the House and Senate versions of this bill were greater than the differences between them. My belief has been vindicated here today, proven by the speedy conclusion reached between the House and the Senate on this conference report.

Last Friday, I also spoke of my desire to work with my colleagues from the other body, and from the other side of the aisle, to send President Bush the strongest, most sensible bill possible so that we could restore investor trust in the fairness of our capital markets. I believe that this legislation does precisely that, and I would like to compliment Chairman OXLEY and Chairman SARBANES for their hard work, dedication and willingness to compromise to reach a quick conclusion on this bill on behalf of the American people. The American investors who have lost their hard-earned savings, and those hard-working em-

ployees who have lost their jobs because of corporate malfeasance deserve quick and decisive action from their elected officials. Today, we have risen above partisanship and helped to restore confidence in the American capitalist system.

Last week I described the bi-partisan, anti-fraud sentiment that I believe is motivating each of us to reform American corporate governance and auditing standards by passing this legislation. Many of us here recognized a shortcoming in our legal system—the reticence to treat corporate criminal behavior as seriously as we treat common criminal behavior—and resolved that this bill should reflect the true seriousness of white-collar crime.

I believe that that this legislation accomplishes this task. By including the House-passed language to increase the criminal penalties for securities fraud, document-shredding and mail and wire fraud, I believe that we have acted wisely and swiftly to prevent other Enrons, WorldComs and Global Crossings from happening. By including Chairman BAKER'S FAIR language, we have ensured that wronged shareholders whose hard-earned savings are stolen from them by pinstriped crooks have those funds returned to their retirement accounts, and not used to build a \$100 million retirement mansion in Bermuda for an expatriate executive. By ensuring that companies disclose material changes to their financial condition to the public on a rapid and current basis, we have ensured that everyone, not just corporate insiders, has access to it.

I would like to congratulate all of my colleagues here today on their excellent work in producing this legislation, and I look forward to seeing President Bush sign it into law. The American people deserve nothing less.

Ms. ESHOO. Mr. Speaker, I rise in strong support of this Conference Report. Our markets have traditionally been the deepest, broadest and most transparent in the world. This transparency has given Americans confidence in those markets. Today, tragically that confidence has been shaken to the core. Innocent investors and employees have been decimated because of the collapse of once Fortune 500 companies.

This legislation will take a major step toward restoring confidence in corporate America, confidence in our markets, and confidence in our government's ability to protect investors from fraudulent activity. This bill gives the SEC the tools it needs to prevent future Enrons, WorldComs, and other corporate scandals.

The bill we're voting on today: requires the SEC to appoint a full-time board to oversee and discipline if necessary auditors of publicly traded companies; prevents audit firms from providing consulting services to companies they audit, putting a stop to what was a major conflict of interest; require CEOs and CFOs of public companies to certify the accuracy of financial reports and be held liable for knowingly deceiving the public; and greatly increases the prison sentences for fraudulent activity. We've witnessed daily one corporate scandal after another so we know corporate self-governance has failed.

This bill responds to that failure with tough measure that ensure U.S. corporations, their executives, and the companies that audit them are fully accountable for the financial information they provide to investors.

I salute the work of Senator PAUL SARBANES, who's tireless effort led to this strong

and solid bill. No matter what the criticisms have been to roll back or roll over, he stayed the course and now we will finally have the largest reforms to the SEC since the Great Depression.

Decent Americans deserve these protections. I urge my colleagues to support this measure.

Mr. BLUMENAUER. Mr. Speaker, today Congress will approve the Public Company Accounting Reform and Investor Protection Act of 2002 Conference Report, which will likely be signed into law by the end of this week. Like families nationwide who have seen investment savings deteriorate and have lost confidence in our markets and business leaders, I have been concerned with revelations about inaccurate corporate accounting and inappropriate and in some cases illegal corporate practices. Recent events have had tragic consequences in my district where employees of Portland General Electric had little control over the company's association with Enron.

I support this legislation that will provide funding and regulations that will improve the integrity of the corporate world and help alleviate the anxieties of employees and investors. I trust that this is an incremental step in the process to bring about accurate financial statements and independent relationships among corporate management, auditors, and investment analysts. The marketplace or Congress will need to address the issue of stock options to ensure meaningful reporting and eliminate perverse incentives, while not preventing companies from offering this important incentive to compensate employees and give them ownership opportunities.

While reforms are absolutely necessary, witness the 270 public companies that restated their financial statements in 2001, I'm also concerned that Congress does not turn this into a witch hunt or pass ill-conceived legislation. I will continue to work to ensure that we do not overreach our objective of a sound economy, ethical management and arms-length transactions. We will not be helping families and the economy by implementing unnecessarily stringent regulations that are costly and burdensome.

This legislation begins the process of putting in place the reforms needed to prevent future tragedies that are so devastating to the savings and lives of American workers and families. As we move forward, I urge my colleagues to continue to develop fair provisions that will both protect investors and employees while allowing the economy to thrive.

Mr. CONYERS. Mr. Speaker, I am very pleased that the conferees have reached an agreement on accounting reform, and I want to congratulate Chairman SARBANES and Chairman OXLEY for their work on this issue. I also want to thank Chairman LEAHY and Ranking Member LAFALCE for their stellar leadership in the area of corporate fraud.

The proposed agreement includes nearly all of the important safeguards from the legislation Senator LEAHY introduced in the Senate and that I introduced in the House in April. Among other things, the agreement includes language lengthening the statute of limitations for securities fraud, mandating document retention for auditors, civil whistle blower protection, and sentencing enhancements for document shredding. Some made no secret of the fact that they would have preferred to gut

these safeguards. But in the end, Senate Democrats stood their ground, and this legislation represents a major win for the American public.

I wish House Republicans would have been able to agree to these critical reforms earlier, but in the end I believe we have strong legislation that will provide defrauded investors with a greater ability to recoup lost assets, afford prosecutors with increased tools to pursue corporate wrongdoers and impose harsher penalties for those accused of committing securities fraud.

As good as this bill is, it's important to note that the agreement is just a first step toward protecting American investors and workers. We still need to fix the many, many giveaways enacted by Congress in the 1995 Securities Litigation bill. For example, we need to restore civil liability against those that aid and abet securities fraud violators, and make sure that civil RICO applies in full to securities fraud. Measures such as this will make it abundantly clear that we will not tolerate future Enron or Worldcom situations.

With nearly 80 million citizens either directly or indirectly invested in the stock market, it's incumbent upon us, as Members of Congress, to provide hardworking Americans with the necessary protections to safeguard the money they'll depend on in their retirement. Hopefully, the actions taken today will be the first step, of many, toward achieving this goal.

Mr. FORD. Mr. Speaker, I rise in strong support of the conference report on H.R. 3763. This agreement is a great victory for investors, and for our economy.

Of course, it will take much more than legislation to restore the confidence in the markets that has been lost. But this bill puts in place a framework to restore confidence and ensure the integrity of the markets.

I salute Chairman OXLEY for his willingness to compromise on such important issues, and Ranking Member LAFALCE for his steady leadership. This legislation will crown his legacy in Congress and on the financial services Committee.

I am pleased that the conference report includes every substantive provision of the comprehensive reform bill written by Senator SARBANES. These include: establishing a strong and independent oversight board for the accounting industry to enforce high standards for auditors of public companies; ensuring that the independence of public auditors isn't compromised by consulting fees from their clients; separating Wall Street research from investment banking—so that small investors have access to the same unbiased research as insiders; imposing tougher criminal penalties for corporate fraud—while at the same time establishing a victims' restitution fund to disgorge the ill-gotten gains of corporate executives. White-collar thieves should not be allowed to walk off with the money they have stolen from investors and employees; disclosing insider stock transactions in real-time; not days after the fact; and at long last providing the SEC with the resources it needs to do its job. It may not give Commissioner Pitt the raise or the new limousine he has asked for. But it will allow the SEC to upgrade its computer systems and hire new investigators.

Mr. Speaker, more than half of all Americans are invested in the stock market. They have entrusted public companies with their retirement savings and their children's college

funds. And too often, they have been betrayed by those in positions of leadership and responsibility.

With this legislation, we cannot ensure the honesty and integrity of every individual, but we go a long way in strengthening the honesty and integrity of our system.

Mr. TIAHRT. Mr. Speaker, I rise in strong support of the accounting reform and corporate accountability conference report before us today. I commend my colleague, Chairman OXLEY, for the outstanding work he has done in crafting a final bill which will fully prosecute those who have violated the law and restore confidence in America's financial markets.

Like all Americans, I have been outraged at the revelations which have come to light in recent months concerning the practices of a number of public companies such as Enron and WorldCom, as well as the auditing practices of companies such as Arthur Andersen. While the list of affected companies pales in comparison to the more than 11,000 publicly traded U.S. companies, even a few transgressions are too many.

The bill before us would increase the maximum jail terms for mail and wire fraud from five years to 20 years, and create a new 25-year maximum jail sentence for securities fraud. Under the bill, securities fraud is defined as intentionally defrauding an individual in connection with a security or obtaining money from the purchase or sale of a security based on false pretenses. Additionally, the Conference Report strengthens laws which criminalize document shredding and other forms of obstruction of justice by providing a maximum penalty of twenty years for such a violation. Criminal penalties for pension law violations would be increased from a fine of \$5,000 to \$100,000 and from maximum jail time of one year to ten years.

As the recent improprieties have shown, corporate leaders, including CEOs, have been implicated in wrongdoing. Those who have the privilege of leading America's corporations have a responsibility to their investors, employees, and the public, to set ethical standards under which their companies operate. This legislation requires top corporate executives to certify that the financial statements of the company fairly and accurately represent the financial condition of the company and calls for penalties of up to ten years in prison and/or a \$1 million fine. In general, willful and criminal violations of securities laws would carry a new maximum fine of \$5 million—up from \$1 million—and a new maximum prison term of 20 years, up from ten years. If the violator is not an American citizen, the fine would increase to \$25 million. Any attempts to retaliate against informants would carry a maximum ten-year prison term and/or fines under SEC laws.

One important area which this bill does not address is the issue of returning ill-gotten corporate gains to investors. I believe Congress must act to ensure that investors are able to reclaim their losses which are due to corporate fraud. And after the corrupt executives return the hard earned money of employees and investors, they need to get out of their mansions and yachts, and get into a jail cell.

Corporate officers who steal the retirement savings of hard-working Americans are no better than common purse snatchers on the street. In fact, they are worse given the position of trust and responsibility with which they

are entrusted. If they "cook the books" in order to show a better bottom line, there will be a heavy price to pay.

I believe this bill sends a strong message to corporations throughout America that those who break the law will be severely punished. By dramatically increasing maximum prison terms and strengthening accountability and oversight, we have begun working toward the goal of reforming corporate America in a way which will enable citizens to have confidence in our financial markets.

I urge my colleagues to pass the Sarbanes-Oxley Conference Report.

Ms. JACKSON-LEE of Texas. Mr. Speaker, this has been a year when the faith of ordinary Americans has been badly shaken. The restatements of corporate earnings have been followed by accusations of corporate wrongdoing at some of the country's largest and most touted corporations, including Enron, Global Crossing, Bristol Myers Squibb, Tyco International, and WorldCom Inc. The billions of dollars in losses in shareholder equity are mounting every day.

The string of recent corporate disclosures undermines investor confidence, scares off foreign investment, and slows down an already shaky recovery. To me, it is not enough to talk about accountability, you have to act to ensure it. Innocent investors have been betrayed by the abuses of creative accounting practices and financial disclosure or more appropriately non-disclosure. I am appalled at what has happened to them as a result of this tragic event.

In today's economy, there is an emerging crisis of a lack of universal confidence in our markets. What has failed is nothing more than the system of overseeing our capital markets. We have an opportunity and obligation to repair the trust of investors. It's tempting to brush aside business ethics as a nebulous, well-intentioned subject suitable for business school, with little practical value in the real world. That is a big mistake. A 2000 survey by the Ethics Resource Center found that 43 percent of respondents believed their supervisors don't set good examples of integrity. The same percentage felt pressured to compromise their organization's ethics on the job. That's a startling number, two years before Enron imploded.

The Enron debacle stands as a corporate wrong. The Enron fiasco has established beyond a shadow of a doubt that white collar fraud can be incredibly damaging and costs innocent Americans billions of dollars of their hard earned money. Enron employees worked hard to build Enron into one of America's largest and most profitable corporations, and they should not be punished for what their corporate managers did.

Employees are fearful of losing their jobs. Investors are worried whether they should continue to hold stocks in these failing corporations and the stock market. Retirees are concerned about the safety of their pensions. All these concerns undermine confidence in our financial markets and have the potential to derail our economic recovery. Because of all the corporate scandals that we have seen, thousands of workers have been hurt, and millions of investors and retirees have seen their 401(k)s gutted. I have introduced a bill that protects workers, protects shareholders, and protects pensions, H.R. 5110, the Omnibus Corporate Reform and Restoration Act of 2002.

H.R. 5510 priorities employees by allowing them to make claims on the corporation, after the corporation has filed for bankruptcy protection, for wages or severance of up to \$15,000. This is important because workers have worked hard to build profitable corporations, and should not be penalized by the fraudulent behavior of their corporate managers.

Moreover, H.R. 5510 provides oversight of Boards of Directors, and prohibits loans to company officers and directors, and creates criminal penalties for destroying or altering documents. H.R. 5110 punishes those who destroy or manipulate evidence of fraud. It provides prosecutors with better tools to effectively prosecute and punish those who defraud investors and provides for tough criminal penalties to make them think twice before defrauding the public.

The conference report, H.R. 3763, Corporate Accountability Conference Report, hoping to restore confidence in the scandal-tainted corporate world, has agreed to new regulation of corporation and their auditors. The conference report also establishes stiffer penalties for those corporate managers who commit financial fraud. The report holds corporate executives criminally liable for cooking their books if they knowingly and willfully certify them.

The Conference report establishes a new broad to oversee the auditors of companies traded on the stock markets. The conferees limited accounting firms' ability to profit as both auditors and consultants to the companies they audit. The conferees also gave shareholders more time to sue companies that misled them. The conference committee also increases the maximum fines and jail sentences for corporate managers who violate new and existing corporate laws.

The report also says that CEOs and CFOs must certify the accuracy of financial statements and disclosures, and it requires those CEOs and CFOs who certify their corporate statements are accurate, they must relinquish bonuses and other incentive-based compensation and profit on stock sales in the event of an accounting restatement resulting from fraud. To ensure that these new laws are effectively regulated, the conference report increases the funding of the SEC to \$776 million.

The Federal Reserve Chairman, Alan Greenspan, pointed out, in his testimony to the Senate Banking Committee on July 17th, that a corporate culture blighted by infectious greed was the cause of the breakdown in confidence among investors. Chairman Greenspan, who has been an advocate of deregulation and reliance on market forces to police good business practices, acknowledged that he had been mistaken in initially opposing government involvement in oversight of auditing. "My view was always that accountants knew or had to know that the market value of their companies rested on the integrity of their operations" and that government regulation of accounting was therefore "unnecessary and indeed most inappropriate, but I was wrong".

If the Chairman of the Federal Reserve says that his opinion was wrong concerning oversight of auditors, then change is needed. We must restore confidence in our financial markets by establishing sound guidelines for corporate governance and auditing that investors can trust and feel confident with their investments.

We stand at the brink of the most significant financial regulations in more than 60 years. We must do all that we can to help the thousands of employees and retirees, who have suffered greatly by these events, feel that will not be punished for the fraudulent behavior of their corporate managers. Therefore, I rise to support the conference report on corporate accountability, H.R. 3763.

Mr. MALONEY of Connecticut. Mr. Speaker, I want to thank Senator SARBANES and Chairman OXLEY, and their staffs, for all of their work in bringing this important bill to the floor. I especially want to thank Ranking Member LAFALCE for his work on this important bill, and note that he will be sorely missed.

Over the past few months investors have indicated, as reflected by the events on Wall Street, that they lack the confidence to continue investing in the U.S. capital markets. Corporations such as Enron and WorldCom have submitted fraudulent financial statements to intentionally mislead investors. Other corporations such as Stanley Works are attempting to abuse the tax code to evade their fair share of taxes. This Congress must make a strong statement that corporations and top executives have a responsibility to their communities to behave honestly and in keeping with the public trust. The legislation we pass today will send a strong message that corporations and their leadership have responsibilities to their investors and our nation that they cannot fail to fulfill.

The Congress has a duty to help restore the public's confidence in the marketplace and take steps to eliminate the ability of individuals or corporations to manipulate the information that investors need to make informed decisions. This bill puts corporate executives and auditors on notice. If you commit corporate malfeasance, defraud investors, take advantage of workers, or abuse the public's trust, you will spend time in jail. We also need to take the next step and stop corporate expatriates by shutting down the tax-haven loophole. Today's bill is not the final word, but it does well begin a process of reform that is urgently needed.

The accounting and corporate management issues before us are complicated. They are, however, critical to the proper function of our markets. As we all know, the availability of timely, accurate, and truthful data are the linchpins that allow for the free flow of capital. Unfortunately, events have highlighted that the existing structure of our Nation's accounting regime is vulnerable to manipulation and fraud. This legislation will go a long way to addressing those problems. But now we also need to make sure that this new legislation is properly enforced. Corporate wrongdoers must be held accountable for their actions. If they make money from their malfeasance, that money should be recovered for the investors. If they commit fraud, they should go to prison. Our legislation today makes strong enforcement possible.

Our next step in restoring corporate accountability should be to close the Bermuda loophole in our tax code and stop corporate expatriates. The tax code should be reformed to prohibit this scheme. And we must not allow companies who abandon their corporate responsibilities to our country to continue to be awarded federal contracts. Corporate expatriates benefit from over \$2 billion in lucrative government contracts, from large consulting

deals with U.S. government agencies, to equipping airport screeners, to providing tools and equipment to the Department of Defense. Corporate expatriates turn their backs on America at the same time that they reach their hands out for the hard-earned money of American taxpayer. Mr. Speaker, this is outrageous, and we must stop it! I introduced legislation, along with Congressman NEAL of Massachusetts, that would do just that.

Today, Mr. Speaker, I urge my colleagues to support this bill, and help restore investor confidence in our nation's capital markets. Later in this session, I will be asking for your support of the Neal-Maloney legislation to take the next step in restoring corporate accountability.

Mr. KIND. Mr. Speaker, I rise in strong support of the conference report on H.R. 3763, the Public Company Accounting Reform and Investor Protection Act. This measure is an important first-step in restoring public trust and consumer confidence in our domestic economy.

The measure's passage comes none too soon; as we all know, as investors have become more and more disenchanted with stock equities and the market continues to suffer vicious sell-offs. The NASDAQ and Standard & Poor's 500-stock index are back to 1997 levels, wiping out \$7 trillion in value from the market's peak. The Dow Jones Industrial Average has dropped to the lows reached immediately following the September 11, 2001 terrorist attacks.

The free market system that has made our nation great still works. It is, however, based on trust. That trust is only as reliable as the information that is available to the public. When that information is fraudulent, the trust in our economic system collapses. Until that trust is restored our economy will not grow. Corporate officials have a responsibility to restore that trust but so do Congress and the President.

Therefore, as legislators, we must remember that the mere passage of this one bill will not cure the ills that currently plague our economy. Complete reform will also require the cooperation of the corporate community, working with Congress to reverse the resounding effects of the actions of shady executives and unresponsive auditors.

However, as I mentioned earlier, this bill is a good beginning, and I am pleased that the measure before us establishes a new, five-member independent oversight board with the power to establish and enforce auditing independence and to establish higher corporate ethical responsibilities. The independent board will have subpoena authority as well as disciplinary and standard-setting authority. The measure also places broad statutory restrictions on auditors, including on the nonauditing or consulting services that accounting firms currently provide to publicly traded companies.

Importantly, the bill attempts to improve the ethical standards of top corporate officers. Chief Executive Officers and Chief Financial Officers must certify the accuracy of their corporation's financial reports. If executives do not comply, they face stiff criminal penalties, including as many as 20 years in prison.

Again, let us remember, this bill is just the first step. In order to restore the public's trust, Congress, upon our return from the August recess, must consider and pass legislation that protects workers' retirement savings and

strengthens investor rights. Until we do this, the American public will not be adequately protected.

For our capitalist economy to function successfully, corporate responsibility must remain paramount. In its absence, capitalism and the free market system ultimately fail.

The SPEAKER pro tempore (Mr. SWEENEY). All time has expired.

Without objection, the previous question is ordered on the conference report.

There was no objection.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. OXLEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 423, nays 3, not voting 8, as follows:

[Roll No. 348]

YEAS—423

Abercrombie	Carson (IN)	Ferguson
Ackerman	Carson (OK)	Filner
Aderholt	Castle	Fletcher
Akin	Chabot	Foley
Allen	Chambliss	Forbes
Armey	Clayton	Ford
Baca	Clement	Fossella
Bachus	Clyburn	Frank
Baird	Coble	Frelinghuysen
Baker	Combust	Frost
Baldacci	Condit	Galleghy
Baldwin	Conyers	Ganske
Ballenger	Cooksey	Gekas
Barcia	Costello	Gephardt
Barr	Cox	Gibbons
Barrett	Coyne	Gilchrest
Bartlett	Cramer	Gillmor
Barton	Crane	Gilman
Bass	Crenshaw	Gonzalez
Becerra	Crowley	Goode
Bentsen	Cubin	Goodlatte
Bereuter	Culberson	Goss
Berkley	Cummings	Graham
Berman	Cunningham	Granger
Berry	Davis (CA)	Graves
Biggert	Davis (FL)	Green (TX)
Bilirakis	Davis (IL)	Green (WI)
Bishop	Davis, Jo Ann	Greenwood
Blagojevich	Davis, Tom	Grucci
Blumenauer	Deal	Gutierrez
Blunt	DeFazio	Gutknecht
Boehrlert	DeGette	Hall (OH)
Boehner	Delahunt	Hall (TX)
Bonilla	DeLauro	Hansen
Bonior	DeLay	Harman
Bono	DeMint	Hart
Boozman	Deutsch	Hastert
Borski	Diaz-Balart	Hastings (FL)
Boswell	Dicks	Hastings (WA)
Boucher	Dingell	Hayes
Boyd	Doggett	Hayworth
Brady (PA)	Dooley	Hefley
Brady (TX)	Doolittle	Herger
Brown (FL)	Doyle	Hill
Brown (OH)	Dreier	Hilleary
Brown (SC)	Duncan	Hilliard
Bryant	Dunn	Hinchey
Burr	Edwards	Hinojosa
Burton	Ehlers	Hobson
Buyer	Ehrlich	Hoeffel
Callahan	Emerson	Hoekstra
Calvert	Engel	Holden
Camp	English	Holt
Cannon	Eshoo	Honda
Cantor	Etheridge	Hooley
Capito	Evans	Horn
Capps	Everett	Hostettler
Capuano	Farr	Houghton
Cardin	Fattah	Hoyer

Hulshof	Millender-	Schrock
Hunter	McDonald	Scott
Hyde	Miller, Dan	Sensenbrenner
Inslee	Miller, Gary	Serrano
Isakson	Miller, George	Sessions
Israel	Mink	Shadegg
Issa	Mollohan	Shaw
Istook	Moore	Shays
Jackson (IL)	Moran (KS)	Sherman
Jackson-Lee	Moran (VA)	Sherwood
(TX)	Morella	Shimkus
Jefferson	Murtha	Shows
Jenkins	Myrick	Shuster
John	Nadler	Simmons
Johnson (CT)	Napolitano	Simpson
Johnson (IL)	Neal	Skeen
Johnson, E. B.	Nethercutt	Skelton
Johnson, Sam	Ney	Slaughter
Jones (NC)	Northup	Smith (MI)
Jones (OH)	Norwood	Smith (NJ)
Kanjorski	Nussle	Smith (TX)
Kaptur	Oberstar	Smith (WA)
Keller	Obey	Snyder
Kelly	Olver	Solis
Kennedy (MN)	Ortiz	Souder
Kennedy (RI)	Osborne	Spratt
Kerns	Ose	Stark
Kildee	Otter	Stenholm
Kilpatrick	Owens	Strickland
Kind (WI)	Oxley	Stump
King (NY)	Pallone	Stupak
Kingston	Pascrell	Sullivan
Kirk	Pastor	Sununu
Kleczka	Payne	Sweeney
Kolbe	Pelosi	Tancredo
Kucinich	Pence	Tanner
LaFalce	Peterson (MN)	Tauscher
LaHood	Peterson (PA)	Tauzin
Lampson	Petri	Taylor (MS)
Langevin	Phelps	Taylor (NC)
Lantos	Pickering	Terry
Larsen (WA)	Pitts	Thomas
Larsen (CT)	Platts	Thompson (CA)
Latham	Pombo	Thompson (MS)
LaTourette	Pomeroy	Thornberry
Leach	Portman	Thune
Lee	Price (NC)	Thurman
Levin	Pryce (OH)	Tiahrt
Lewis (CA)	Putnam	Tiberi
Lewis (GA)	Quinn	Tierney
Lewis (KY)	Radanovich	Toomey
Linder	Rahall	Towns
Lipinski	Ramstad	Turner
LoBiondo	Rangel	Udall (CO)
Loftgren	Regula	Udall (NM)
Lowey	Rehberg	Upton
Lucas (KY)	Reyes	Velazquez
Lucas (OK)	Reynolds	Visclosky
Luther	Riley	Vitter
Lynch	Rivers	Walden
Maloney (CT)	Rodriguez	Walsh
Maloney (NY)	Roemer	Wamp
Manzullo	Rogers (KY)	Waters
Markey	Rogers (MI)	Watson (CA)
Mascara	Rohrabacher	Watt (NC)
Matheson	Ros-Lehtinen	Watts (OK)
Matsui	Ross	Waxman
McCarthy (MO)	Rothman	Weiner
McCarthy (NY)	Roukema	Weldon (FL)
McCollum	Roybal-Allard	Weldon (PA)
McCrery	Royce	Weller
McDermott	Rush	Wexler
McGovern	Ryan (WI)	Whitfield
McHugh	Ryun (KS)	Wicker
McInnis	Sabo	Wilson (NM)
McIntyre	Sanchez	Wilson (SC)
McKeon	Sanders	Wolf
McKinney	Sandlin	Woolsey
McNulty	Sawyer	Wu
Meek (FL)	Saxton	Wynn
Meeks (NY)	Schaffer	Young (AK)
Menendez	Schakowsky	Young (FL)
Mica	Schiff	

NAYS—3

Collins	Flake	Paul
Andrews	Knollenberg	Stearns
Clay	Meehan	Watkins (OK)
Gordon	Miller, Jeff	

NOT VOTING—8

□ 1209

Mr. DOOLITTLE changed his vote from “nay” to “yea.”

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. JEFF MILLER of Florida. Mr. Speaker, on rollcall No. 348, I was detained from returning for the vote.

Had I been present, would have voted “Yea.”

Mr. CLAY. Mr. Speaker, on rollcall No. 348, I was unavoidably detained. Had I been present, I would have voted “Yea.”

BOB STUMP NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2003

Mr. STUMP. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4546) to authorize appropriations for fiscal year 2003 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes, with a Senate amendment thereto and concur in the Senate amendment with an amendment.

The Clerk read the Senate amendment, and the House amendment to the Senate amendment, as follows:

Senate amendment:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the “National Defense Authorization Act for Fiscal Year 2003”.

SEC. 2. ORGANIZATION OF ACT INTO DIVISIONS; TABLE OF CONTENTS.

(a) *DIVISIONS.*—This Act is organized into three divisions as follows:

(1) *Division A—Department of Defense Authorizations.*

(2) *Division B—Military Construction Authorizations.*

(3) *Division C—Department of Energy National Security Authorizations and Other Authorizations.*

(b) *TABLE OF CONTENTS.*—The table of contents for this Act is as follows:

Sec. 1. Short title.

Sec. 2. Organization of Act into divisions; table of contents.

Sec. 3. Congressional defense committees defined.

DIVISION A—DEPARTMENT OF DEFENSE AUTHORIZATIONS

TITLE I—PROCUREMENT

Subtitle A—Authorization of Appropriations

Sec. 101. Army.

Sec. 102. Navy and Marine Corps.

Sec. 103. Air Force.

Sec. 104. Defense-wide activities.

Sec. 105. Defense Inspector General.

Sec. 106. Chemical agents and munitions destruction, defense.

Sec. 107. Defense health programs.

Subtitle B—Army Programs

Sec. 111. Pilot program on sales of manufactured articles and services of certain Army industrial facilities without regard to availability from domestic sources.

Subtitle C—Navy Programs

Sec. 121. Integrated bridge system.

Sec. 122. Extension of multiyear procurement authority for DDG-51 class destroyers.