

The final shot: a joyful GI, the camera panning down to his smiling little girl sitting on a tricycle.

And Guggenheim's clear voice-over:

"These are just a few of the faces in my story, but there are millions of faces, and millions of stories.

"That have never been told. And deserve to be.

"You should remember that."

Mr. HOLLINGS. The great advantage of serving in the U.S. Senate is the exposure to your colleagues in the Senate, all who are talented, and the exposure to various individuals in Washington involved in the issues. The principal issue for one serving in the U.S. Senate is reelection. That's how I met Charles Guggenheim.

It was 30 years ago. Charles had the reputation of producing the best candidate films and after handling me, remarkably, he retained that reputation. My staff had just contacted him when they came back to me and surprised me with the request that Charles wanted to follow me when I went home that weekend. I said let's wait, it's too early for filming. The answer was no, it's not for filming, Mr. Guggenheim wants to travel with you to see if he likes you. I said fair enough. I want to see if I like him. I will never forget that weekend. After reciting the Pledge of Allegiance at the Rotary Club, the Realtors, the tobacco barn, the Democratic Party rally, and nine other times, I thought I may lose Charles. But he stuck with me. I learned to love him.

There are two kinds of geniuses in this world: the intellectual and the sensitive. The intellectual is the type who goes through a magazine just turning the pages and catching up in the back part with the story, remembering it all. Or the type that reads a book in a couple of evenings. But then there is the sentimental genius. They feel the words. You tell me that a friend is sick and I feel sorry for him. You tell Charles a friend is sick and he starts feeling bad. No one could read people better. He would have me do one take over and over and over just to make sure the light was right, or the sound was exact, very sensitive to the environment and feelings of those around him. No doubt this made him an Oscar winner four times and a nominee twelve times. But this search for the authentic also made him give up on us politicians 20 years ago. The political short was no more the positive attributes of the candidate depicting his record in a colorful way, but the framing of the opponent with a half-truth, with a negative spin that meets the poll. Outrageous hypocrisy. Charles would have none of it and he turned exclusively to documentaries.

Charles' brilliance was in telling the story so that you were there in the historic moment. I watched him in his work. We would meet at 6:30 in the morning two or three times a week at Ali Rosenberg's St. Albans for tennis. Ali didn't let us start until just before 7:00 so the three of us would chat about the events of the day. Charles had the

keenest wit about the political happenings in Washington and, talking along, I realized his genius. It wasn't just the sensitivity, but the historian. For the D-Day film he searched the Pentagon archives for 2 years finding things that the military historians had no idea of. Then, to give life to the depiction, he searched to identify the exact outfit, down to the platoon or squad. Then he found a member of that platoon or squad still living to narrate the scene. For another 2 years he looked for Jewish POWs for his most recent film. He was mainly concerned about his own outfit from which he was separated. They were captured in the Battle of the Bulge; the Jewish prisoners separated and inflicted with torture and death. He wanted to tell this story of the POW Holocaust that had never been told. He was tickled that the weather was kind, just right for his takes at the prison camps in Germany. He smiled at his luck. And then the cancer hit. He struggled this year to finish the course. Amazing Grace, his beautiful daughter, worked with him to complete the film. In this city of families split asunder, the Guggenheims have shone as a star of cohesion. Jonathan worked as a Senate Page and now produces on the West coast. Davis has just completed a cameo production on education. And that gracious lovable Marion continues to worry about everybody except herself. Charles was particularly proud when he went west for his last nomination. His daughter-in-law, Elizabeth Shue, won an Oscar. Knowing Charles, the sensitive, the authentic, his was not to receive Oscars but to render to others in his film. But surely, if he had one to give, it would be to Marion.

TRIBUTE TO SENATOR PHIL GRAMM

Mr. SHELBY. Mr. President, I rise today to pay tribute to Texas Senator PHIL GRAMM, highly respected on both sides of the aisle for his tremendous intellect, deep convictions and relentless tenacity, he will long be remembered in the U.S. Senate.

I have known Senator GRAMM and his lovely wife Wendy for many years. I first served with Senator GRAMM in the House of Representatives in 1978 where we both served on the House Energy and Commerce Committee. As conservative southern Democrats we had much in common and found ourselves on the same side of most issues, although not always on the same side as our party. Indeed, while we both came to Congress as Democrats, we later found our ideology and values best reflected in the beliefs of the Republican Party. Senator GRAMM finding the light a little more quickly than I did. However, when I finally made my decision to switch from the Democrat to Republican Party, it was more than symbolic that I stood between two great men who represented the heart of the Republican Party in the U.S. Senate, Bob Dole and PHIL GRAMM.

When I switched parties in 1994, Senator GRAMM said of my ability to help deliver the message of the Republican party: "There are no greater zealots than converts." This certainly applied to me at the time, and it still applies today. I think he spoke from what he knew to be true himself. As someone who values freedom above all else, his life has been a perfect model of what he preaches every day, and his lifetime achievements testify to that fact.

Senator GRAMM embodies what can be achieved in America through hard work, education and determination. He grew up in modest means in Georgia, helping to contribute to the families' finances by working delivering newspapers. The strong work ethic instilled in him by his upbringing led Senator GRAMM to the University of Georgia where he received his PhD in Economics in 1967. Senator GRAMM then moved to Texas, where he met and married his wife, Wendy Lee, who was also an economics PhD.

Elected to serve in the House of Representatives from the 6th district of Texas in 1978, Senator GRAMM quickly developed a reputation as a conservative Democrat who was committed to fiscal responsibility. Through his position on the Budget Committee, Senator GRAMM helped to craft bipartisan legislation which laid the foundation for Ronald Reagan's 1981 tax cuts and defense buildup. In 1983, PHIL GRAMM displayed the courage of his convictions by resigning from the Democratic party to run as a Republican. His reelection was a success, making him not only the first Republican in the history of the 6th District of Texas, but the only member of Congress in the 20th Century to resign from Congress and successfully seek re-election as a member of another party.

When John Tower announced his retirement from the Senate in 1984, Senator GRAMM seized the opportunity, and won an overwhelming victory in the general election. Senator GRAMM wasted no time becoming actively involved within the Senate. One of his first initiatives, the Gramm-Rudman-Hollings Deficit Control Act of 1985, required automatic budget cuts if the deficit was not reduced to specific levels. Together with a rapidly growing economy, this legislation was credited with producing the first balanced budget in twenty five years. Since then, Senator GRAMM has established a long record of initiatives and achievements during his tenure in the Senate, which included negotiating the final package of budget cuts, spending caps and tax increases at the 1990 budget summit, pressing for balanced budget amendments, the exposure and elimination of budget gimmickry, electricity deregulation and improving the relationship and cooperation between the United States and Mexico.

Senator GRAMM took the gavel of the Banking, Housing and Urban Affairs Committee in January of 1999. It was from this post, that he worked to repeal the 1933 Glass-Steagall Act, which

separated banks from investment banking and commercial firms. Through a lot of hard work, dogged tenacity and a little compromise, Senator GRAMM shepherded the bill through the committee and out of the Senate. The result was that in 1999 financial services deregulation was passed and signed into law, which may have been the biggest legislative achievement of the 106th Congress.

Senator GRAMM has the ability to do something that not many people can do. He can take very complex issues and break them down into their most basic elements, so that just about anybody can understand them. The intricacies of the budget process, the solvency of Social Security, the implications of national health care, are all brought down to kitchen table common sense. This is an amazing gift, and a formidable one for anyone who stands on the other side of an issue from him. There is simply no rhetoric to hide behind in a debate with Senator GRAMM. He is not afraid to fight or to lose, and so he rarely loses.

Senator GRAMM's absence from the U.S. Senate will truly leave a substantial void. I will certainly miss his expertise on the Senate Banking Committee and the broad policy experience that he brings to every debate. I would like to extend my sincere best wishes to Senator GRAMM on his retirement from the Senate and wish him luck in his new career.

ONE YEAR ANNIVERSARY OF ENRON SCANDAL

Mr. LEVIN. Mr. President, one year ago today, the public first began to learn of the accounting frauds that led to the collapse of Enron Corporation. For the first time, investors learned of special purpose entities used to make Enron's financial condition look better than it was and of partnerships run by Enron's chief financial officer. One year ago today, the press first reported the \$1 billion loss in Enron's shareholder equity and a \$700 million loss in earnings. Less than 2 months later, Enron's reputation as a well-run company and a good investment morphed into that of a bankrupt operation with billions in unpaid debt.

As the scandal unfolded, Enron's employees lost their jobs and their pensions. Its stockholders lost their shirts. Its accounting firm lost its credibility and its ability to operate as an auditor. About the only ones to walk away from Enron's fall intact were a number of executives who pocketed millions of dollars in compensation despite the company's collapse. Other executives are now beginning to pay the piper for their misdeeds.

Of course, Enron was only the beginning. Within 6 months, the press was inundated with reports of multi-billion-dollar accounting frauds at other major publicly traded corporations in the United States. We learned that Worldcom had misreported \$3 billion in

expenses, a figure which has since doubled to more than \$7 billion. We learned that Adelphia had made billions of dollars in unsecured loans to corporate insiders, especially members of the Rigas family. We learned that Tyco had made not only unreported loans to corporate executives and directors, but its CEO appears to have cheated on his taxes. The list of companies associated with accounting frauds or other corporate misconduct kept increasing, shaking not only Wall Street, but also Main Street where more than half of U.S. households are directly or indirectly invested in the stock market.

The result is that, today, investor confidence in U.S. financial statements and the U.S. accounting profession lies in tatters. The stock market itself has compiled its worst record in years.

The breadth and depth of this corporate misconduct galvanized Congress. Over the past year, we conducted detailed investigations into what happened. We subpoenaed documents. We held hearings. We issued reports. And during the summer, we enacted into law the Sarbanes-Oxley Act, a corporate reform law which calls for a host of changes in the way U.S. business operates, including overhauling accounting oversight, restoring auditor integrity, and strengthening investor protections. This legislation was a strong response to the corporate scandals, but the work is far from over.

Enron's 1-year anniversary is a good time to recall what still needs to be done.

First, the SEC needs to implement the Sarbanes-Oxley Act. The most important next step here is naming the members of the new Public Company Accounting Oversight Board. This Board is charged with strengthening auditor ethics, disciplinary proceedings, and conflict of interest prohibitions to restore confidence in the U.S. accounting profession. This work will require a frank acknowledgment of past problems, a fresh examination of what works and what has failed, and a willingness to break from past practice to increase investor protections.

Some impressive candidates have stepped forward to express their willingness to serve on this board. One terrific candidate is John H. Biggs who is about to retire from his post as chairman and CEO of TIAA-CREF. Mr. Biggs has the stature, expertise, and backbone needed to lead this board. He is the right man at the right moment to restore integrity to U.S. financial statements and the U.S. accounting profession, and the SEC ought to immediately accept his offer to serve the public as a member of this important new board.

The SEC also has a host of important regulations to issue over the coming year—a task that will require continued congressional oversight. One of the most important is the requirement that companies disclose all material off-the-books transactions, arrange-

ments, obligations and relationships. While the Financial Accounting Standards Board, or FASB, has issued a proposal to strengthen accounting rules regarding special purpose entities, that addresses only a portion of the problem and the SEC can and must do much more to strengthen disclosure.

The SEC must also set up the policies and procedures necessary to identify and administratively bar those persons who are substantially unfit to serve as officers or directors of public companies. Too many officers and directors have turned their eyes away from misconduct, failed to ask tough questions, or allowed fraudulent or questionable activities to continue unchecked at the companies that are now the subject of legal proceedings. We need stronger leadership in corporate America and to eliminate those unwilling or unable to act as fiduciaries for investors.

These are just two of the many pressing regulatory issues facing the SEC in implementing the Sarbanes-Oxley reform law. But it will take more than Sarbanes-Oxley to end corporate misconduct and restore investor confidence in U.S. markets. The list of unfinished business includes at least the following items.

First, Congress needs to recognize that the SEC is outgunned and outspent and give the SEC the resources it needs to police financial statements and detect and punish corporate misdeeds.

Second, we need to give the SEC new civil enforcement authority to impose administrative fines on company officers, directors, auditors, lawyers, and others who violate federal securities laws. Right now, the only wrongdoers the SEC can fine in administrative proceedings are broker-dealers and investment advisers. My amendment to broaden its authority to fine other violators of the securities laws never received a vote during consideration of the Sarbanes-Oxley Act. I intend to keep trying until that vote takes place.

Another festering problem involves stock options. Stock option abuses have not stopped, and dishonest accounting of stock option expenses continues. That means that Congress still needs to set a deadline for FASB to take appropriate action on the issue of expensing stock options. Over 120 publicly traded companies have announced their intention—on a voluntary basis—to begin expensing options. That is a huge and welcome change from past practice. But many other public companies have indicated they have no intention of expensing options until required to do so. It is time to level the playing field in favor of honest accounting of stock options.

Still another continuing problem involves so-called corporate inversions, when U.S. companies pretend to move their headquarters to an offshore tax haven in order to avoid paying their fair share of taxes. These offshore shenanigans are not only unpatriotic, they are unfair to the taxpayers who have to