

### INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Ms. COLLINS:

S. 1985. A bill to allow Federal securities enforcement actions to be predicated on State securities enforcement actions, to prevent migration of rogue securities brokers between and among financial services industries, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. BINGAMAN (for himself and Mr. ROBERTS):

S. 1986. A bill to amend the Intermodal Surface Transportation Efficiency Act of 1991 to identify a route that passes through the States of Texas, New Mexico, Oklahoma, and Kansas as a high priority corridor on the National Highway System; to the Committee on Environment and Public Works.

By Mr. SMITH of New Hampshire (for himself, Mr. FEINGOLD, and Mr. MCCAIN):

S. 1987. A bill to provide for reform of the Corps of Engineers, and for other purposes; to the Committee on Environment and Public Works.

By Ms. LANDRIEU:

S. 1988. A bill to authorize the American Battle Monuments Commission to establish in the State of Louisiana a memorial to honor the Buffalo Soldiers; to the Committee on Energy and Natural Resources.

By Mr. SCHUMER (for himself and Mr. EDWARDS):

S. 1989. A bill to authorize the establishment of a National Cyber Security Defense Team for purposes of protecting the infrastructure of the Internet from terrorist attack; to the Committee on the Judiciary.

### SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. KERRY (for himself, Mr. BOND, Mr. LIEBERMAN, Mr. BURNS, Mr. CLELAND, Mr. BENNETT, Ms. LANDRIEU, Ms. SNOWE, Mr. EDWARDS, Mr. CRAPO, Ms. CANTWELL, Mr. ALLEN, Mr. ENSIGN, Mr. WELLSTONE, Mr. HARKIN, and Mr. LEVIN):

S. Res. 216. A resolution to honor Milton D. Stewart for his years of service in the Office of Advocacy of the Small Business Administration; considered and agreed to.

### ADDITIONAL COSPONSORS

S. 514

At the request of Mr. SMITH of New Hampshire, the name of the Senator from Nevada (Mr. ENSIGN) was added as a cosponsor of S. 514, a bill to amend title 18 of the United States Code to provide for reciprocity in regard to the manner in which nonresidents of a State may carry certain concealed firearms in that State.

S. 548

At the request of Mr. HARKIN, the name of the Senator from New York (Mrs. CLINTON) was added as a cosponsor of S. 548, a bill to amend title XVIII of the Social Security Act to provide enhanced reimbursement for, and ex-

panded capacity to, mammography services under the medicare program, and for other purposes.

S. 592

At the request of Mr. SANTORUM, the name of the Senator from Minnesota (Mr. DAYTON) was added as a cosponsor of S. 592, a bill to amend the Internal Revenue Code of 1986 to create Individual Development Accounts, and for other purposes.

S. 724

At the request of Mr. BREAUX, the name of the Senator from South Dakota (Mr. DASCHLE) was added as a cosponsor of S. 724, a bill to amend title XXI of the Social Security Act to provide for coverage of pregnancy-related assistance for targeted low-income pregnant women.

S. 917

At the request of Ms. COLLINS, the name of the Senator from Missouri (Mrs. CARNAHAN) was added as a cosponsor of S. 917, a bill to amend the Internal Revenue Code of 1986 to exclude from gross income amounts received on account of claims based on certain unlawful discrimination and to allow income averaging for backpay and frontpay awards received on account of such claims, and for other purposes.

S. 946

At the request of Ms. SNOWE, the name of the Senator from Missouri (Mrs. CARNAHAN) was added as a cosponsor of S. 946, a bill to establish an Office on Women's Health within the Department of Health and Human Services.

S. 999

At the request of Mr. BINGAMAN, the name of the Senator from Rhode Island (Mr. REED) was added as a cosponsor of S. 999, a bill to amend title 10, United States Code, to provide for a Korea Defense Service Medal to be issued to members of the Armed Forces who participated in operations in Korea after the end of the Korean War.

S. 1022

At the request of Mr. WARNER, the name of the Senator from Maine (Ms. SNOWE) was added as a cosponsor of S. 1022, a bill to amend the Internal Revenue Code of 1986 to allow Federal civilian and military retirees to pay health insurance premiums on a pretax basis and to allow a deduction for TRICARE supplemental premiums.

S. 1220

At the request of Mr. BREAUX, the name of the Senator from Maine (Ms. SNOWE) was added as a cosponsor of S. 1220, a bill to authorize the Secretary of Transportation to establish a grant program for the rehabilitation, preservation, or improvement of railroad track.

S. 1375

At the request of Mr. DORGAN, the name of the Senator from Massachusetts (Mr. KERRY) was added as a cosponsor of S. 1375, a bill to amend the Internal Revenue Code of 1986 to allow

tax-free distributions from individual retirement accounts for charitable purposes.

S. 1523

At the request of Mrs. FEINSTEIN, the name of the Senator from Maine (Ms. SNOWE) was added as a cosponsor of S. 1523, a bill to amend title II of the Social Security Act to repeal the Government pension offset and windfall elimination provisions.

S. 1686

At the request of Mr. KENNEDY, the name of the Senator from Hawaii (Mr. INOUE) was added as a cosponsor of S. 1686, a bill to amend title XVIII of the Social Security Act to provide for patient protection by limiting the number of mandatory overtime hours a nurse may be required to work in certain providers of services to which payments are made under the medicare program.

S. 1712

At the request of Mr. GRASSLEY, the name of the Senator from Mississippi (Mr. COCHRAN) was added as a cosponsor of S. 1712, a bill to amend the procedures that apply to consideration of interstate class actions to assure fairer outcomes for class members and defendants, and for other purposes.

S. 1917

At the request of Mr. JEFFORDS, the name of the Senator from Indiana (Mr. LUGAR) was added as a cosponsor of S. 1917, a bill to provide for highway infrastructure investment at the guaranteed funding level contained in the Transportation Equity Act for the 21st Century.

S. 1926

At the request of Mr. KERRY, the names of the Senator from Florida (Mr. NELSON), the Senator from Illinois (Mr. DURBIN), the Senator from Hawaii (Mr. INOUE), the Senator from Washington (Mrs. MURRAY), and the Senator from Vermont (Mr. JEFFORDS) were added as cosponsors of S. 1926, a bill to improve passenger automobile fuel economy and safety, reduce greenhouse gas emissions, reduce dependence on foreign oil, and for other purposes.

S. 1945

At the request of Mr. JOHNSON, the names of the Senator from Colorado (Mr. ALLARD), the Senator from Michigan (Ms. STABENOW), and the Senator from Indiana (Mr. BAYH) were added as cosponsors of S. 1945, a bill to provide for the merger of the bank and savings association deposit insurance funds, to modernize and improve the safety and fairness of the Federal deposit insurance system, and for other purposes.

S. RES. 206

At the request of Mr. MURKOWSKI, the name of the Senator from New Mexico (Mr. BINGAMAN) was added as a cosponsor of S. Res. 206, a resolution designating the week of March 17 through March 23, 2002 as "National Inhalants and Poison Prevention Week".

S. RES. 207

At the request of Mr. BINGAMAN, the names of the Senator from Louisiana

(Mr. BREAUX), the Senator from Idaho (Mr. CRAPO), the Senator from North Carolina (Mr. HELMS), the Senator from Colorado (Mr. CAMPBELL), the Senator from Idaho (Mr. CRAIG), the Senator from North Dakota (Mr. DORGAN), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Massachusetts (Mr. KERRY), the Senator from Maryland (Ms. MIKULSKI), the Senator from Alaska (Mr. MURKOWSKI), the Senator from West Virginia (Mr. ROCKEFELLER), the Senator from Maryland (Mr. SARBANES), and the Senator from Michigan (Ms. STABENOW) were added as cosponsors of S. Res. 207, a resolution designating March 31, 2002, and March 31, 2003, as "National Civilian Conservation Corps Day."

S. RES. 214

At the request of Mr. SPECTER, the name of the Senator from Florida (Mr. NELSON) was added as a cosponsor of S. Res. 214, a resolution designating March 25, 2002, as "Greek Independence Day: A National Day of Celebration of Greek and American Democracy."

AMENDMENT NO. 2915

At the request of Ms. COLLINS, the name of the Senator from Colorado (Mr. ALLARD) was added as a cosponsor of amendment No. 2915 proposed to S. 565, a bill to establish the Commission on Voting Rights and Procedures to study and make recommendations regarding election technology, voting, and election administration, to establish a grant program under which the Office of Justice Programs and the Civil Rights Division of the Department of Justice shall provide assistance to States and localities in improving election technology and the administration of Federal elections, to require States to meet uniform and non-discriminatory election technology and administration requirements for the 2004 Federal elections, and for other purposes.

#### STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Ms. COLLINS:

S. 1985. A bill to allow Federal securities enforcement actions to be predicated on State securities enforcement actions, to prevent migration of rogue securities brokers between and among financial services industries, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

Ms. COLLINS. Mr. President, today I am introducing the Microcap Fraud Prevention Act of 2001. This bill will close loopholes in the enforcement of our securities laws and furnish Federal authorities with the tools they need to combat growing fraud in the microcap securities market. While the Enron debacle has focused attention on the need for tougher and fuller financial disclosure standards to protect small investors, microcap fraud costs investors an estimated \$6 billion every year.

I first introduced this bill in the 106th Congress after extensive exam-

ination by the Senate's Permanent Subcommittee on Investigations, which I chaired. I am pleased that the North American Securities Administrators Association, which is made up of our Nation's State securities regulators, has once again sent me a letter of strong support and has made passage of legislation such as this one of its top legislative priorities.

Today's securities markets are much different than they were even a decade ago. Many more people own securities than ever before. The rise of the Internet has allowed investors greater access to market information and investment advice. Unfortunately, not all of this information and advice has been sound, or even honest.

These problems are exacerbated in the microcap market. Microcap stocks are those of smaller, thinly capitalized companies. Because the individual share prices may be higher than a certain threshold, however, they may avoid regulation as "penny stocks." Because investors typically know little of these companies, their share prices are easier to manipulate due to the small amount of total capital. They are often less regulated than the securities of larger companies and, therefore, they can pose difficult challenges for law enforcement and unique opportunities for dishonest brokers.

It is this combination of a microcap company's low capitalization, making its share price more easily manipulable, and obscurity, along with high-pressure sales tactics, that make microcap stocks so appealing to the more dishonest elements in our securities markets.

Frequently, salesmen will call customers, pitching these investments with high pressure sales tactics. More sophisticated scams involve a practice known as the "pump and dump" where a securities firm that has purchased a large block of a microcap company's stock will market it aggressively and quickly to investors. As a result of the surge in demand, the share's price will rise sharply but temporarily, despite the unchanged fundamentals underlying the stock's price.

After a short time, investors will realize that the company's performance does not merit its new share price. The stock's share price will then plummet, but the firm will by then have unloaded its shares, leaving investors holding the bag. In other cases, however, dishonest brokers and firms simply fail to execute sales orders or otherwise commit garden variety theft masquerading as securities transactions, such as churning or making unsuitable recommendations.

States prosecute these criminals activities with some success and often obtain orders prohibiting further securities activities by bad actors within their jurisdiction. Because such an order ends at a State's borders, however, the defendants can simply pick up, move to a new State, and begin their schemes anew. In contrast, a Fed-

eral order would have effect nationwide. Because Federal law enforcement resources are limited, however, there is only so much it can do, and many smaller time criminals can continue to operate below the federal government's radar screen. My bill would institute several reforms to address these problems.

First, it would allow the SEC to take enforcement actions against brokers and firms on the basis of those already concluded by state agencies. Although States may base their actions on Federal actions, the reverse is not true. As a result, the SEC must duplicate the State's efforts to provide nationwide protection to investors. By allowing the SEC to base disciplinary actions on those concluded by states, the State's disciplinary actions can be given effect nationwide, when appropriate, without the SEC's having to commit significant amounts of additional resources.

Second, the bill would allow the SEC to keep those who commit any type of financial fraud from participating in the microcap market. Currently, the SEC can ban those who commit securities violations. But the SEC should have the power to discipline those who commit other types of financial services offenses as well.

Third, this bill would broaden provisions designed to prevent fraud in the penny stock market. Under current law, the SEC can suspend or bar those who commit fraud in this market. However, brokers so barred can turn around and commit the same types of offenses in the microcap market because their individual share prices might exceed \$5 per share, even though the total capitalization amount is small enough to lend itself to easy manipulation. The penny stock market ban needs to be expanded to the microcap market as well.

Fourth, the statutory officer and director bar would be expanded to cover all publicly traded companies. Currently, this bar only applies to companies that report to the SEC, leaving open the possibility that those who have been barred from serving in these companies could serve in others that are exempt from reporting. Companies involved in microcap schemes are frequently traded over the counter and are not covered by the bar. Under my bill, this bar would extend to all publicly traded companies.

Finally, the bill would allow the SEC to enforce its own orders and court injunctions against repeat offenders directly rather than waiting for the Justice Department to initiate contempt proceedings. Instead the SEC would be able to seek immediate civil penalties for repeat violations without the delay that can occur from the initiation of contempt proceedings.

These are common sense, measured steps that can make a real difference in the level of protection that we provide to investors, many of whom are new to our capital markets. I would urge the Senate to consider and pass the