



United States  
of America

# Congressional Record

PROCEEDINGS AND DEBATES OF THE 107<sup>th</sup> CONGRESS, SECOND SESSION

Vol. 148

WASHINGTON, FRIDAY, JUNE 28, 2002

No. 89

## House of Representatives

The House was not in session today. Its next meeting will be held on Monday, July 8, 2002, at 2 p.m.

## Senate

FRIDAY, JUNE 28, 2002

The Senate met at 9:31 a.m. and was called to order by the Honorable DEBBIE STABENOW, a Senator from the State of Michigan.

### PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Gracious God of progress, our hearts are filled with gratitude. Thank You for answered prayer. You have been with the Senators through these intensely busy weeks. You have honored their commitment to hard work. Thank You for the legislation that has been accomplished. We praise You that You guide and provide. When we seek Your direction, goals can be set and achieved to Your glory.

Now we ask You to bless the Senators as they return to their States to work with their constituencies for the Fourth of July recess. While they enjoy a break from the pressures here in Washington, refresh them with rest, renewal, and rejuvenation. Give them quality time with their families and friends. You are our Lord and Saviour. Amen.

### PLEDGE OF ALLEGIANCE

The Honorable DEBBIE STABENOW led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

### APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication

to the Senate from the President pro tempore (Mr. BYRD).

The legislative clerk read the following letter:

U.S. SENATE,  
PRESIDENT PRO TEMPORE,  
Washington, DC, June 28, 2002.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable DEBBIE STABENOW, a Senator from the State of Michigan, to perform the duties of the Chair.

ROBERT C. BYRD,  
President pro tempore.

Ms. STABENOW thereupon assumed the chair as Acting President pro tempore.

### RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

### MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business, with Senators permitted to speak therein for up to 10 minutes each.

In my capacity as a Senator from Michigan, I suggest the absence of a quorum.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DASCHLE. Mr. President, I ask unanimous consent the order for the quorum call be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

### SCHEDULE

Mr. DASCHLE. Madam President, the Senate will be in a period of morning business with Senators permitted to speak for up to 10 minutes each. I have already announced there will be no rollcall votes today. The next rollcall vote will occur on Tuesday morning, July 9.

I will use my leader time this morning; if my time exceeds the 10 minutes, I ask the time be taken off leader time.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

### ACCOUNTING REFORM AND INVESTOR PROTECTION WILL BE THE FIRST ORDER OF BUSINESS WHEN WE RETURN

Mr. DASCHLE. Madam President, our form of government rests on two pillars. One is democracy. The other is free enterprise. We are the strongest, most successful nation in the world because we have maintained the strength of both of those pillars.

We are the most durable democracy in the world because our system is constantly refreshed by new leaders and new ideas. If leaders fail, they can be voted out of office. If ideas fail, they can be either discarded or improved.

The strength of the system rests on the fact that—while not perfect—our Government is open and accountable.

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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We have the strongest economy in the world, because our commitment to free enterprise is strengthened by a system of open markets. Those markets—fed by free-flowing, reliable financial information—channel investment into new ideas and new enterprises. Working at its best, our free enterprise system has generated durable economic growth, wealth, and opportunity that are the envy of the world.

The corruption of one of these pillars threatens the other. The weakening of either threatens our Nation.

This week's news from MCI WorldCom was the latest in a series of disclosures that have shaken confidence in American business.

Recently, we have seen Enron collapse under the weight of inflated earnings and hidden debt. We have seen Halliburton face charges of improperly recording revenue. We've seen Tyco accused of falsifying merger information, and its CEO indicted. Arthur Andersen has been convicted of obstructing justice.

The list goes on: CMS Energy, Computer Associates, Dynegy, Global Crossing, ImClone, Kmart, Lucent, MicroStrategy, Network Associates, PNC Financial Services, Qwest, Reliant Resources, and Xerox are all facing serious questions about their business practices.

This string of disclosures threatens our economy to its core. They undermine investor confidence, scare off foreign investment, and slow an already shaky recovery.

And the impact is much more than some economic abstraction. Thousands of honest, hardworking people have lost their jobs. Millions more have seen their savings, their nest eggs, and their retirements gutted.

When corporate fraud leads to corporate failure, people get hurt.

I am not arguing that the corruption we have seen is systemic. America has some of the world's most innovative executives, people of tremendous energy, skill, and integrity.

They are the vast majority of corporate executives, and they should be the most outraged about the recent news. In my own discussions with corporate leaders, that is actually the case. They are the most outraged. They resent the notion that the corruption is systemic, that the deception is pervasive, and that "everyone is doing it."

I know—and most Americans know—that everyone is not doing it.

But the growing list of corporations under question makes clear that we aren't just talking about one or two isolated cases, or rogue executives.

The problem, instead, is a "climate"—a deregulatory, permissive atmosphere that has relied too much on corporate America to police itself. It is as if the line between right and wrong, legal and illegal, acceptable and unacceptable was so little enforced that it became blurred. Bringing it back into focus—as Enron's collapse did—revealed more than a few businesses standing on the wrong side.

The evidence rolling in is now unambiguous. Self-policing is no replacement for a vigilant cop on the beat. It is time to reform and strengthen the system.

Unfortunately, the desire for reform is not to be found in the approaches taken by the White House, the House, and the SEC.

This game of corporate dominoes we are watching is a wake up call. It is time to abandon this laissez-faire attitude and take action.

For starters, we need to make sure that the laws currently on the books are enforced. The SEC and Justice Department need to do more to aggressively and consistently investigate and prosecute cases of corporate fraud.

But enforcement alone isn't enough. We are now seeing cases where the law itself doesn't stand in the way of these egregious actions.

It is time for us to reform our system of accounting and do more to protect investors.

That is exactly what the Sarbanes bill does. And that is why it will be our first order of business when we return from recess. The Sarbanes bill makes six key improvements over our current system.

First, it creates an independent audit oversight board with the authority to set standards, conduct investigations, and impose punishment if those standards aren't met.

Second, it restricts the nonaudit services that an accounting firm can provide to public companies it audits. In other words, it keeps auditors out of the business of being a company's consultant or tax advisors in addition to being its auditor—the roles that can lead to conflicts of interest.

Third, it holds CEOs and CFOs responsible for the accuracy of operating and financial reports. If it turns out that an earnings report is deliberately misstated, those executives would forfeit profits and bonuses earned after that information was released.

Fourth, if corporate insiders sell stock, those sales must be reported to the SEC within 2 days.

Fifth, it would make sure that investment banking firms that also provide investment analysis don't mix those two functions. It also protects analysts from retaliation if they make unfavorable stock recommendations.

Sixth and finally, this bill includes expanded resources for the SEC. This will help them become more thorough investigators and enforcers. I have called the SEC a toothless tiger. This bill gives the agency some teeth.

In a message to Congress calling for the creation of the Securities and Exchange Commission, President Roosevelt said he sought to "give impetus to honest dealing in securities and thereby bring back public confidence."

It is time for us to again, "give impetus to honest dealing, and bring back public confidence."

That is what this bill does. It strengthens both our democracy and our system of free enterprise.

Senator SARBANES has done a masterful job in moving it through committee with broad bipartisan support.

For the sake of America's economy, America's workers, and the two pillars on which our nation's greatness rests, I look forward to debating it when we return.

#### PROGRESS IN THE SENATE

Mr. DASCHLE. Madam President, from time to time I have come to the floor to discuss our progress since we became the majority as Democrats in the Senate. I wanted to talk briefly about the accomplishments during this work period and the list of items we have attempted to address over the course of the now virtually 1 year that we have been in the majority. We took over officially during the month of July of last year. Technically, we are not quite there. But for all intents and purposes, we have now completed 1 year as a majority in the Senate.

We began June with work on the supplemental appropriations bill, a key piece of legislation. That legislation passed in the Senate a couple of weeks ago.

We then moved on to terrorism insurance. We passed that bill out of the Senate with an overwhelming vote.

We passed legislation which expedites the extradition of terrorist suspects. The antiterrorism legislation passed about 10 days ago.

We increased the debt limit on an overwhelmingly bipartisan basis.

We passed the Defense authorization bill, thanks to the extraordinary leadership of our colleague from Michigan, Senator LEVIN.

I might add that all of these issues—the supplemental appropriations, the terrorism insurance bill, the antiterrorism bill, the debt limit, and the Defense authorization bill—passed with overwhelming bipartisan majorities.

I am pleased to be able to announce that because I feel quite confident that is what the American people are expecting—that we attempt to work together, and that these priorities which are certainly their priorities as well be addressed in the way that allows us to enact them into law sometime very shortly.

I will say, having done as much as we can on a bipartisan basis, that I was disappointed by our colleagues on the other side of the aisle when they objected to the passage of the hate crimes legislation. We failed to achieve the 60 votes necessary to obtain cloture on hate crimes.

For the life of me, I am troubled by that. I would think that would be a 100-to-0 vote dealing with hate crimes in this country. It is something that is pernicious, and it is something that we must address in a meaningful legislative way.

We will continue to make the effort to assure that 1 day we will pass meaningful hate crimes legislation.