

adopt this resolution in a timely fashion so that we can properly honor the railroad industry and its many pioneers.

SENATE RESOLUTION 302—HONORING TED WILLIAMS AND EXTENDING THE CONDOLENCES OF THE SENATE ON HIS DEATH

Mr. KERRY (for himself and Mr. KENNEDY) submitted the following resolution; which was considered and agreed to:

S. RES. 302

Whereas Theodore Samuel Williams served the Nation with honor and distinction as a Naval Aviator during World War II and as a Marine fighter pilot during the Korean War;

Whereas Ted Williams, during his service in the Marines during the Korean War, flew on 39 combat missions and earned an Air Medal and 2 Gold Stars;

Whereas Ted Williams became the greatest hitter in baseball history while playing with the Boston Red Sox from 1939-1960;

Whereas Ted Williams, during his career with the Boston Red Sox, even after losing 5 years to military service, had 2654 total hits, 521 home runs, and a lifetime batting average of .344;

Whereas as a member of the Boston Red Sox, Ted Williams hit for an average of .406 in 1941 and was the last major league baseball player to hit for an average above .400;

Whereas as a member of the Boston Red Sox, Ted Williams led the American League in batting 6 times, in slugging percentage 9 times, in total bases 6 times, and in runs scored 6 times;

Whereas as a member of the Boston Red Sox, Ted Williams won 2 Triple Crowns, was twice named the Most Valuable Player of the American League, and was chosen as an American League All-Star 16 times;

Whereas Ted Williams was elected to the Baseball Hall of Fame in 1966; and

Whereas Ted Williams provided invaluable assistance to the Commonwealth of Massachusetts through his efforts on behalf of and in support for the Jimmy Fund in order to help eradicate cancer in children: Now, therefore, be it

Resolved, That the Senate—

(1) honors the achievements of Ted Williams;

(2) expresses its deepest sympathies and condolences to the family of Ted Williams on his passing; and

(3) directs the Secretary of the Senate to transmit an enrolled copy of this resolution to the family of Ted Williams.

AMENDMENTS SUBMITTED AND PROPOSED

SA 4174. Mr. DASCHLE (for Mr. LEAHY (for himself, Mr. MCCAIN, Mr. DASCHLE, Mr. DURBIN, Mr. HARKIN, Mr. CLELAND, Mr. LEVIN, Mr. KENNEDY, Mr. BIDEN, Mr. FEINGOLD, Mr. MILLER, Mr. EDWARDS, Mrs. BOXER, Mr. CORZINE, Mr. KERRY, Mr. SCHUMER, Mr. BROWNBACK, and Mr. NELSON, of Florida)) proposed an amendment to the bill S. 2673, to improve quality and transparency in financial reporting and independent audits and accounting services for public companies, to create a Public Company Accounting Oversight Board, to enhance the standard setting process for accounting practices, to strengthen the independence of firms that audit public companies, to increase corporate responsibility and the usefulness of corporate financial disclosure, to protect the

objectivity and independence of securities analysts, to improve Securities and Exchange Commission resources and oversight, and for other purposes.

SA 4175. Mr. GRAMM (for Mr. MCCONNELL) proposed an amendment to amendment SA 4174 proposed by Mr. DASCHLE (for Mr. LEAHY (for himself, Mr. MCCAIN, Mr. DASCHLE, Mr. DURBIN, Mr. HARKIN, Mr. CLELAND, Mr. LEVIN, Mr. KENNEDY, Mr. BIDEN, Mr. FEINGOLD, Mr. MILLER, Mr. EDWARDS, Mrs. BOXER, Mr. CORZINE, Mr. KERRY, Mr. SCHUMER, Mr. BROWNBACK, and Mr. NELSON of Florida)) to the bill (S. 2673) supra.

SA 4176. Mr. MILLER proposed an amendment to the bill S. 2673, supra.

SA 4177. Mr. GRASSLEY submitted an amendment intended to be proposed by him to the bill S. 2673, supra; which was ordered to lie on the table.

SA 4178. Mr. GRASSLEY submitted an amendment intended to be proposed by him to the bill S. 2673, supra; which was ordered to lie on the table.

SA 4179. Mr. GRASSLEY submitted an amendment intended to be proposed by him to the bill S. 2673, supra; which was ordered to lie on the table.

SA 4180. Mr. GRASSLEY submitted an amendment intended to be proposed by him to the bill S. 2673, supra; which was ordered to lie on the table.

SA 4181. Mr. GRASSLEY submitted an amendment intended to be proposed by him to the bill S. 2673, supra; which was ordered to lie on the table.

TEXT OF AMENDMENTS

SA 4174. Mr. DASCHLE (for Mr. LEAHY (for himself, Mr. MCCAIN, Mr. DASCHLE, Mr. DURBIN, Mr. HARKIN, Mr. CLELAND, Mr. LEVIN, Mr. KENNEDY, Mr. BIDEN, Mr. FEINGOLD, Mr. MILLER, Mr. EDWARDS, Mrs. BOXER, Mr. CORZINE, Mr. KERRY, Mr. SCHUMER, Mr. BROWNBACK, and Mr. NELSON of Florida)) proposed an amendment to the bill S. 2673, to improve quality and transparency in financial reporting and independent audits and accounting services for public companies, to create a Public Company Accounting Oversight Board, to enhance the standard setting process for accounting practices, to strengthen the independence of firms that audit public companies, to increase corporate responsibility and the usefulness of corporate financial disclosure to protect the objectivity and independence of securities analysts, to improve Securities and Exchange Commission resources and oversight, and for other purposes:

On page 117, after line 12, add the following:

TITLE VIII—CORPORATE AND CRIMINAL FRAUD ACCOUNTABILITY

SEC. 801. SHORT TITLE.

This title may be cited as the "Corporate and Criminal Fraud Accountability Act of 2002".

SEC. 802. CRIMINAL PENALTIES FOR ALTERING DOCUMENTS.

(a) IN GENERAL.—Chapter 73 of title 18, United States Code, is amended by adding at the end the following:

"§ 1519. Destruction, alteration, or falsification of records in Federal investigations and bankruptcy

"Whoever knowingly alters, destroys, mutilates, conceals, covers up, falsifies, or

makes a false entry in any record, document, or tangible object with the intent to impede, obstruct, or influence the investigation or proper administration of any matter within the jurisdiction of any department or agency of the United States or any case filed under title 11, or in relation to or contemplation of any such matter or case, shall be fined under this title, imprisoned not more than 10 years, or both.

"§ 1520. Destruction of corporate audit records

"(a)(1) Any accountant who conducts an audit of an issuer of securities to which section 10A(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78j-1(a)) applies, shall maintain all audit or review workpapers for a period of 5 years from the end of the fiscal period in which the audit or review was concluded.

"(2) The Securities and Exchange Commission shall promulgate, within 180 days, after adequate notice and an opportunity for comment, such rules and regulations, as are reasonably necessary, relating to the retention of relevant records such as workpapers, documents that form the basis of an audit or review, memoranda, correspondence, communications, other documents, and records (including electronic records) which are created, sent, or received in connection with an audit or review and contain conclusions, opinions, analyses, or financial data relating to such an audit or review, which is conducted by any accountant who conducts an audit of an issuer of securities to which section 10A(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78j-1(a)) applies.

"(b) Whoever knowingly and willfully violates subsection (a)(1), or any rule or regulation promulgated by the Securities and Exchange Commission under subsection (a)(2), shall be fined under this title, imprisoned not more than 5 years, or both.

"(c) Nothing in this section shall be deemed to diminish or relieve any person of any other duty or obligation, imposed by Federal or State law or regulation, to maintain, or refrain from destroying, any document."

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 73 of title 18, United States Code, is amended by adding at the end the following new items:

"1519. Destruction, alteration, or falsification of records in Federal investigations and bankruptcy.

"1520. Destruction of corporate audit records."

SEC. 803. DEBTS NONDISCHARGEABLE IF INCURRED IN VIOLATION OF SECURITIES FRAUD LAWS.

Section 523(a) of title 11, United States Code, is amended—

(1) in paragraph (17), by striking "or" after the semicolon;

(2) in paragraph (18), by striking the period at the end and inserting "; or"; and

(3) by adding at the end, the following:

"(19) that—

"(A) arises under a claim relating to—

"(i) the violation of any of the Federal securities laws (as that term is defined in section 3(a)(47) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(47)), any State securities laws, or any regulations or orders issued under such Federal or State securities laws; or

"(ii) common law fraud, deceit, or manipulation in connection with the purchase or sale of any security; and

"(B) results, in relation to any claim described in subparagraph (A), from—

"(i) any judgment, order, consent order, or decree entered in any Federal or State judicial or administrative proceeding;

"(ii) any settlement agreement entered into by the debtor; or

“(iii) any court or administrative order for any damages, fine, penalty, citation, restitutionary payment, disgorgement payment, attorney fee, cost, or other payment owed by the debtor.”.

SEC. 804. STATUTE OF LIMITATIONS FOR SECURITIES FRAUD.

(a) IN GENERAL.—Section 1658 of title 28, United States Code, is amended—

- (1) by inserting “(a)” before “Except”; and
- (2) by adding at the end the following:

“(b) Notwithstanding subsection (a), a private right of action that involves a claim of fraud, deceit, manipulation, or contrivance in contravention of a regulatory requirement concerning the securities laws, as defined in section 3(a)(47) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(47)), may be brought not later than the earlier of—

“(1) 5 years after the date on which the alleged violation occurred; or

“(2) 2 years after the date on which the alleged violation was discovered.”.

(b) EFFECTIVE DATE.—The limitations period provided by section 1658(b) of title 28, United States Code, as added by this section, shall apply to all proceedings addressed by this section that are commenced on or after the date of enactment of this Act.

(c) NO CREATION OF ACTIONS.—Nothing in this section shall create a new, private right of action.

SEC. 805. REVIEW OF FEDERAL SENTENCING GUIDELINES FOR OBSTRUCTION OF JUSTICE AND EXTENSIVE CRIMINAL FRAUD.

Pursuant to section 994 of title 28, United States Code, and in accordance with this section, the United States Sentencing Commission shall review and amend, as appropriate, the Federal Sentencing Guidelines and related policy statements to ensure that—

(1) the base offense level and existing enhancements contained in United States Sentencing Guideline 2J1.2 relating to obstruction of justice are sufficient to deter and punish that activity;

(2) the enhancements and specific offense characteristics relating to obstruction of justice are adequate in cases where—

(A) documents and other physical evidence are actually destroyed, altered, or fabricated;

(B) the destruction, alteration, or fabrication of evidence involves—

(i) a large amount of evidence, a large number of participants, or is otherwise extensive;

(ii) the selection of evidence that is particularly probative or essential to the investigation; or

(iii) more than minimal planning; or

(C) the offense involved abuse of a special skill or a position of trust;

(3) the guideline offense levels and enhancements for violations of section 1519 or 1520 of title 18, United States Code, as added by this title, are sufficient to deter and punish that activity;

(4) the guideline offense levels and enhancements under United States Sentencing Guideline 2B1.1 (as in effect on the date of enactment of this Act) are sufficient for a fraud offense when the number of victims adversely involved is significantly greater than 50;

(5) a specific offense characteristic enhancing sentencing is provided under United States Sentencing Guideline 2B1.1 (as in effect on the date of enactment of this Act) for a fraud offense that endangers the solvency or financial security of a substantial number of victims; and

(6) the guidelines that apply to organizations in United States Sentencing Guidelines, chapter 8, are sufficient to deter and punish organizational criminal misconduct.

SEC. 806. PROTECTION FOR EMPLOYEES OF PUBLICLY TRADED COMPANIES WHO PROVIDE EVIDENCE OF FRAUD.

(a) IN GENERAL.—Chapter 73 of title 18, United States Code, is amended by inserting after section 1514 the following:

“§ 1514A. Civil action to protect against retaliation in fraud cases

“(a) WHISTLEBLOWER PROTECTION FOR EMPLOYEES OF PUBLICLY TRADED COMPANIES.—No company with a class of securities registered under section 12 of the Securities Exchange Act of 1934 (15 U.S.C. 78l), or that is required to file reports under section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(d)), or any officer, employee, contractor, subcontractor, or agent of such company, may discharge, demote, suspend, threaten, harass, or in any other manner discriminate against an employee in the terms and conditions of employment because of any lawful act done by the employee—

“(1) to provide information, cause information to be provided, or otherwise assist in an investigation regarding any conduct which the employee reasonably believes constitutes a violation of section 1341, 1343, 1344, or 1348, any rule or regulation of the Securities and Exchange Commission, or any provision of Federal law relating to fraud against shareholders, when the information or assistance is provided to or the investigation is conducted by—

“(A) a Federal regulatory or law enforcement agency;

“(B) any Member of Congress or any committee of Congress; or

“(C) a person with supervisory authority over the employee (or such other person working for the employer who has the authority to investigate, discover, or terminate misconduct); or

“(2) to file, cause to be filed, testify, participate in, or otherwise assist in a proceeding filed or about to be filed (with any knowledge of the employer) relating to an alleged violation of section 1341, 1343, 1344, or 1348, any rule or regulation of the Securities and Exchange Commission, or any provision of Federal law relating to fraud against shareholders.

“(b) ENFORCEMENT ACTION.—

“(1) IN GENERAL.—A person who alleges discharge or other discrimination by any person in violation of subsection (a) may seek relief under subsection (c), by—

“(A) filing a complaint with the Secretary of Labor; or

“(B) if the Secretary has not issued a final decision within 180 days of the filing of the complaint and there is no showing that such delay is due to the bad faith of the claimant, bringing an action at law or equity for de novo review in the appropriate district court of the United States, which shall have jurisdiction over such an action without regard to the amount in controversy.

“(2) PROCEDURE.—

“(A) IN GENERAL.—An action under paragraph (1)(A) shall be governed under the rules and procedures set forth in section 42121(b) of title 49, United States Code.

“(B) EXCEPTION.—Notification made under section 42121(b)(1) of title 49, United States Code, shall be made to the person named in the complaint and to the employer.

“(C) BURDENS OF PROOF.—An action brought under paragraph (1)(B) shall be governed by the legal burdens of proof set forth in section 42121(b) of title 49, United States Code.

“(D) STATUTE OF LIMITATIONS.—An action under paragraph (1) shall be commenced not later than 90 days after the date on which the violation occurs.

“(c) REMEDIES.—

“(1) IN GENERAL.—An employee prevailing in any action under subsection (b)(1) shall be

entitled to all relief necessary to make the employee whole.

“(2) COMPENSATORY DAMAGES.—Relief for any action under paragraph (1) shall include—

“(A) reinstatement with the same seniority status that the employee would have had, but for the discrimination;

“(B) the amount of back pay, with interest; and

“(C) compensation for any special damages sustained as a result of the discrimination, including litigation costs, expert witness fees, and reasonable attorney fees.

“(d) RIGHTS RETAINED BY EMPLOYEE.—Nothing in this section shall be deemed to diminish the rights, privileges, or remedies of any employee under any Federal or State law, or under any collective bargaining agreement.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 73 of title 18, United States Code, is amended by inserting after the item relating to section 1514 the following new item:

“1514A. Civil action to protect against retaliation in fraud cases.”.

SEC. 807. CRIMINAL PENALTIES FOR DEFAUDING SHAREHOLDERS OF PUBLICLY TRADED COMPANIES.

(a) IN GENERAL.—Chapter 63 of title 18, United States Code, is amended by adding at the end the following:

“§ 1348. Securities fraud

“Whoever knowingly executes, or attempts to execute, a scheme or artifice—

“(1) to defraud any person in connection with any security of an issuer with a class of securities registered under section 12 of the Securities Exchange Act of 1934 (15 U.S.C. 78l) or that is required to file reports under section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(d)); or

“(2) to obtain, by means of false or fraudulent pretenses, representations, or promises, any money or property in connection with the purchase or sale of any security of an issuer with a class of securities registered under section 12 of the Securities Exchange Act of 1934 (15 U.S.C. 78l) or that is required to file reports under section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(d));

shall be fined under this title, or imprisoned not more than 10 years, or both.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 63 of title 18, United States Code, is amended by adding at the end the following new item:

“1348. Securities fraud.”.

SA 4175. Mr. GRAMM (for Mr. MCCONNELL) proposed an amendment to amendment SA 4174 proposed by Mr. DASCHLE (for Mr. LEAHY (for himself, Mr. MCCAIN, Mr. DASCHLE, Mr. DURBIN, Mr. HARKIN, Mr. CLELAND, Mr. LEVIN, Mr. KENNEDY, Mr. BIDEN, Mr. FEINGOLD, Mr. MILLER, Mr. EDWARDS, Mrs. BOXER, Mr. CORZINE, Mr. KERRY, Mr. SCHUMER, Mr. BROWNBACK, and Mr. NELSON of Florida)) to the bill (S. 2673) to improve quality and transparency in financial reporting and independent audits and accounting services for public companies, to create a Public Company Accounting Oversight Board, to enhance the standard setting process for accounting practices, to strengthen the independence of firms that audit public companies, to increase corporate responsibility and the usefulness of corporate financial disclosure,

to protect the objectivity and independence of securities analysts, to improve Securities and Exchange Commission resources and oversight, and for other purposes:

At the end of the amendment add the following:

SEC. 302. CORPORATE AND LABOR ORGANIZATION RESPONSIBILITY FOR FINANCIAL REPORTS AND DISCLOSURE REQUIREMENTS.

(a) FINANCIAL REPORTS.—

(1) CERTIFICATION OF REPORTS.—

(A) CERTIFICATION OF PERIODIC REPORTS.—Each periodic report containing financial statements filed by an issuer with the Commission pursuant to section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)) shall be accompanied by a written statement by the chief executive officer and chief financial officer (or the equivalent thereof) of the issuer.

(B) CERTIFICATION OF FINANCIAL REPORTS BY LABOR ORGANIZATIONS.—

(i) IN GENERAL.—Each financial report filed by a labor organization with the Secretary of Labor pursuant to section 201(b) of the Labor-Management Reporting and Disclosure Act of 1959 (29 U.S.C. 431(b)) shall be accompanied by a written statement by the president and secretary-treasurer (or the equivalent thereof) of the labor organization.

(ii) DEFINITION.—In this subparagraph, the term “labor organization” has the meaning given the term in section 3 of the Labor-Management Reporting and Disclosure Act of 1959 (29 U.S.C. 402).

(2) CONTENT.—The statement required by paragraph (1) shall certify the appropriateness of the financial statements and disclosures contained in the periodic report or financial report, and that those financial statements and disclosures fairly present, in all material respects, the operations and financial condition of the issuer or labor organization.

(3) CONFORMING AMENDMENT.—Section 201(b) of the Labor-Management Reporting and Disclosure Act of 1959 is amended, in the matter preceding paragraph (1), by inserting “(and accompanied by the statement described in section 302(a)(1)(B) of the Public Company Accounting Reform and Investor Protection Act of 2002)” after “officers”.

(b) REPORTING REQUIREMENTS.—

(1) FINANCIAL REPORTING FOR LABOR ORGANIZATIONS EQUIVALENT TO REQUIRED REPORTING OF PUBLIC COMPANIES.—Section 201 of the Labor-Management Reporting and Disclosure Act of 1959 (29 U.S.C. 431) is amended by adding at the end the following:

“(d)(1) In the case of a labor organization with gross annual receipts for the fiscal year in an amount equal to \$200,000 or more, the information required under this section shall be reported using financial reporting procedures comparable to procedures required for periodic and annual reports of public companies pursuant to sections 12(g), 13, and 15 of the Securities and Exchange Act of 1934 (15 U.S.C. 78l(g), 78m, and 78o).

“(2)(A) Such information shall be reviewed by a certified public accountant using generally accepted auditing standards applicable to reporting companies under the Securities and Exchange Act of 1934.

“(B) Such audit shall be conducted subject to requirements comparable to the requirements under section 10A of the Securities Exchange Act of 1934 (15 U.S.C. 78j-1).

“(3) Such information shall be reported using generally accepted accounting procedures comparable to the procedures required for public companies under sections 12(g), 13, and 15 of the Securities and Exchange Act of 1934 (15 U.S.C. 78l(g), 78m, and 78o).

“(4) The authority provided under this subsection shall be in addition to the authority

provided under subsection (b) and section 208, regarding reporting procedures and review of information required under this section.”

(2) REMEDIES AND PENALTIES FOR VIOLATIONS OF REPORTING REQUIREMENTS.—Section 210 of the Labor-Management Reporting and Disclosure Act of 1959 (29 U.S.C. 440) is amended—

(A) by striking “Whenever” and inserting “(a) Whenever”; and

(B) by adding at the end the following:

“(b)(1) If the Secretary finds, on the record after notice and opportunity for hearing, that any person has willfully violated any provision of section 201(d), the Secretary may impose a civil monetary penalty in an amount not to exceed the amount for any comparable violation under section 21B(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78u-2).

“(2) In the case of a violation of an auditing requirement under section 201(d)(2) by a public accountant, the Secretary may impose a civil monetary penalty in the same manner as penalties are imposed under section 10A(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78j-1(d)).

“(3) For purposes of any action brought by the Secretary under paragraph (1), any person who knowingly provides substantial assistance to another person in violation of a provision of section 201(d), or of any rule or regulation issued under such section (including aiding, abetting, counseling, commanding, or inducing such violation) shall be deemed to be in violation of such provision to the same extent as the person to whom such assistance is provided.

“(c)(1) Any person who makes or causes to be made any statement in any report or document required to be filed under section 201(d) which statement was at the time, and in the light of the circumstances under which it was made, false or misleading with respect to any material fact, shall be liable to any person (not knowing that such statement was false or misleading) who relied upon such statement. A person seeking to enforce such liability may sue at law or in equity in any court of competent jurisdiction.

“(2) In any such suit the court may, in its discretion, require an undertaking for the payment of the costs of such suit, and assess reasonable costs, including reasonable attorneys’ fees, against either party litigant.

“(3) The recovery and statute of limitation provisions of subsections (b) and (c) of section 18 of the Securities Exchange Act of 1934 (15 U.S.C. 78r) shall apply for purposes of any action under this subsection.

“(d) In any action arising under subsection (c) or (d) in connection with any provision of section 201(d), the provisions of section 27(c) of the Securities Act of 1933 (15 U.S.C. 77z-1(c)) regarding abusive litigation shall apply.”

(3) REGULATIONS.—Not later than 1 year after the date of enactment of this Act, the Secretary of Labor, shall promulgate such regulations as the Secretary determines necessary to carry out the provisions and purposes of this subsection (including the amendments made by this subsection) and to ensure the provisions of this subsection are carried out in a manner comparable to the manner any similar provisions are carried out by the Securities and Exchange Commission.

SA 4176. Mr. MILLER proposed an amendment to the bill S. 2673, to improve quality and transparency in financial reporting and independent audits and accounting services for public companies, to create a Public Company

Accounting Oversight Board, to enhance the standard setting process for accounting practices, to strengthen the independence of firms that audit public companies, to increase corporate responsibility and the usefulness of corporate financial disclosure, to protect the objectivity and independence of securities analysts, to improve Securities and Exchange Commission resources and oversight, and for other purposes; as follows:

At the end add the following new title:

TITLE VIII—CORPORATE TAX RETURNS

SEC. 801. SIGNING OF CORPORATE TAX RETURNS BY CHIEF EXECUTIVE OFFICER.

(a) IN GENERAL.—Section 6062 of the Internal Revenue Code of 1986 (relating to signing of corporation returns) is amended by striking the first sentence and inserting the following new sentence: “The return of a corporation with respect to income shall be signed by the chief executive officer of such corporation.”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to returns filed after the date of the enactment of this Act.

SA 4177. Mr. GRASSLEY submitted an amendment intended to be proposed by him to the bill S. 2673, to improve quality and transparency in financial reporting and independent audits and accounting services for public companies, to create a Public Company Accounting Oversight Board, to enhance the standard setting process for accounting practices, to strengthen the independence of firms that audit public companies, to increase corporate responsibility and the usefulness of corporate financial disclosure, to protect the objectivity and independence of securities analysts, to improve Securities and Exchange Commission resources and oversight, and for other purposes; as follows:

At the appropriate place, insert the following:

SEC. —. PROTECTION FOR EMPLOYEES OF PUBLICLY TRADED COMPANIES WHO PROVIDE EVIDENCE OF FRAUD.

(a) IN GENERAL.—Chapter 73 of title 18, United States Code, is amended by inserting after section 1514 the following:

“§ 1514A. Civil action to protect against retaliation in fraud cases

“(a) WHISTLEBLOWER PROTECTION FOR EMPLOYEES OF PUBLICLY TRADED COMPANIES.—No company with a class of securities registered under section 12 of the Securities Exchange Act of 1934 (15 U.S.C. 78l), or that is required to file reports under section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(d)), or any officer, employee, contractor, subcontractor, or agent of such company, may discharge, demote, suspend, threaten, harass, or in any other manner discriminate against an employee in the terms and conditions of employment because of any lawful act done by the employee—

“(1) to provide information, cause information to be provided, or otherwise assist in an investigation regarding any conduct which the employee reasonably believes constitutes a violation of section 1341, 1343, 1344, or 1348, any rule or regulation of the Securities and Exchange Commission, or any provision of Federal law relating to fraud against shareholders, when the information or assistance is provided to or the investigation is conducted by—

“(A) a Federal regulatory or law enforcement agency;

“(B) any Member of Congress or any committee of Congress; or

“(C) a person with supervisory authority over the employee (or such other person working for the employer who has the authority to investigate, discover, or terminate misconduct); or

“(2) to file, cause to be filed, testify, participate in, or otherwise assist in a proceeding filed or about to be filed (with any knowledge of the employer) relating to an alleged violation of section 1341, 1343, 1344, or 1348, any rule or regulation of the Securities and Exchange Commission, or any provision of Federal law relating to fraud against shareholders.

“(b) ENFORCEMENT ACTION.—

“(1) IN GENERAL.—A person who alleges discharge or other discrimination by any person in violation of subsection (a) may seek relief under subsection (c), by—

“(A) filing a complaint with the Secretary of Labor; or

“(B) if the Secretary has not issued a final decision within 180 days of the filing of the complaint and there is no showing that such delay is due to the bad faith of the claimant, bringing an action at law or equity for de novo review in the appropriate district court of the United States, which shall have jurisdiction over such an action without regard to the amount in controversy.

“(2) PROCEDURE.—

“(A) IN GENERAL.—An action under paragraph (1)(A) shall be governed under the rules and procedures set forth in section 42121(b) of title 49, United States Code.

“(B) EXCEPTION.—Notification made under section 42121(b)(1) of title 49, United States Code, shall be made to the person named in the complaint and to the employer.

“(C) BURDENS OF PROOF.—An action brought under paragraph (1)(B) shall be governed by the legal burdens of proof set forth in section 42121(b) of title 49, United States Code.

“(D) STATUTE OF LIMITATIONS.—An action under paragraph (1) shall be commenced not later than 90 days after the date on which the violation occurs.

“(c) REMEDIES.—

“(1) IN GENERAL.—An employee prevailing in any action under subsection (b)(1) shall be entitled to all relief necessary to make the employee whole.

“(2) COMPENSATORY DAMAGES.—Relief for any action under paragraph (1) shall include—

“(A) reinstatement with the same seniority status that the employee would have had, but for the discrimination;

“(B) the amount of back pay, with interest; and

“(C) compensation for any special damages sustained as a result of the discrimination, including litigation costs, expert witness fees, and reasonable attorney fees.

“(d) RIGHTS RETAINED BY EMPLOYEE.—Nothing in this section shall be deemed to diminish the rights, privilege, or remedies of any employee under any Federal or State law, or under any collective bargaining agreement.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 73 of title 18, United States Code, is amended by inserting after the item relating to section 1514 the following new item:

“1514A. Civil action to protect against retaliation in fraud cases.”.

SA 4178. Mr. GRASSLEY submitted an amendment intended to be proposed by him to the bill S. 2673, to improve quality and transparency in financial

reporting and independent audits and accounting services for public companies, to create a Public Company Accounting Oversight Board, to enhance the standard setting process for accounting practices, to strengthen the independence of firms that audit public companies, to increase corporate responsibility and the usefulness of corporate financial disclosure, to protect the objectivity and independence of securities analysts, to improve Securities and Exchange Commission resources and oversight, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. . . INVESTIGATION AND PROSECUTION OF OFFENSES.

Section 21(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78u(d)) is amended by adding at the end the following:

“(5) EQUITABLE RELIEF.—In any action brought by the Commission under any provision of the securities laws against any person, the Commission may seek, and Federal courts may grant, any equitable relief appropriate or necessary for the benefit of investors.

“(6) DISGORGEMENT OF BENEFITS.—In any action or proceeding brought or instituted by the Commission under the securities laws against any person for engaging in, causing, or aiding and abetting any violation of the securities laws or the rules and regulations prescribed under those laws, such person, in addition to being subject to any other appropriate order, may be required to disgorge any or all benefits received from any source in connection with the conduct constituting, causing, or aiding and abetting the violation, including salary, commissions, fees, bonuses, options, profits from securities transactions, and losses avoided through securities transactions.”.

SA 4179. Mr. GRASSLEY submitted an amendment intended to be proposed by him to the bill S. 2673, to improve quality and transparency in financial reporting and independent audits and accounting services for public companies, to create a Public Company Accounting Oversight Board, to enhance the standard setting process for accounting practices, to strengthen the independence of firms that audit public companies, to increase corporate responsibility and the usefulness of corporate financial disclosure, to protect the objectivity and independence of securities analysts, to improve Securities and Exchange Commission resources and oversight, and for other purposes; which was ordered to lie on the table; as follows:

On page 68, between lines 14 and 15, insert the following:

SEC. 110. OVERSIGHT AUDITING OF PUBLIC COMPANIES.

(a) ESTABLISHMENT OF DIVISION.—There is established within the Office of the Chief Accountant of the Commission, the Division of Oversight Audits, which shall be charged with responsibility for conducting oversight audits of issuers, at such times, and in accordance with such procedures as the Commission shall establish, by rule.

(b) STRUCTURE AND OVERSIGHT.—The Division of Oversight Audits shall be headed by the Chief Accountant of the Commission. Notwithstanding any other provision of law,

following the end of the term of employment of the Chief Accountant in effect on the date of enactment of this Act, the Chief Accountant shall be appointed by the President, with the advice and consent of the Senate, and may be removed at will by the President. The Chief Accountant shall be appointed to a 5-year term, and may not serve for more than 2 terms.

(c) PURPOSE, FUNCTIONS, AND DUTIES.—The Division of Oversight Audits shall be responsible for—

(1) reviewing and conducting oversight audits of the financial statements of issuers; and

(2) using its resources effectively to focus on highest risk audit areas and to target questionable audit practices of which the Division of Oversight Audits is aware from communications with the Division of Enforcement of the Commission and the Board.

(d) REPORTS.—On an annual basis, the Division of Oversight Audits shall report its findings and make recommendations for change to—

(1) the Commission;

(2) the Board; and

(3) the Comptroller General of the United States.

(e) REFERRALS.—

(1) IN GENERAL.—The Division of Oversight Audits shall refer findings of accounting or auditing irregularity to—

(A) the Division of Enforcement of the Commission for further investigation of the issuer or the public accounting firm, as appropriate; and

(B) the Board for further investigation of the public accounting firm, as appropriate.

(2) OTHER REFERRALS.—If appropriate, the Division of Oversight Audits may refer findings of accounting or auditing irregularity to—

(A) any other Federal functional regulator (as defined in section 509 of the Gramm-Leach-Bliley Act (15 U.S.C. 6809)), in the case of an audit report for an institution that is subject to the jurisdiction of such regulator;

(B) the Attorney General of the United States;

(C) the attorneys general of 1 or more States; or

(D) the appropriate State regulatory authority.

(f) FUNDING.—

(1) IN GENERAL.—The Division of Oversight Audits shall be funded exclusively as provided in this subsection.

(2) ANNUAL BUDGETS.—The Division of Oversight Audits shall establish a budget for each fiscal year, which shall be subject to approval by the Commission.

(3) SOURCES AND USES OF FUNDS.—The budget of the Division of Oversight Audits for each fiscal year shall be payable from annual accounting support fees, in accordance with paragraph (4).

(4) ANNUAL ACCOUNTING SUPPORT FEE.—The annual accounting support fee for the Division of Oversight Audits—

(A) shall be allocated in accordance with paragraph (5), and assessed and collected against each issuer, by 1 or more appropriate designated collection agents, as may be necessary or appropriate to pay for the budget and provide for the expenses of the Division, and to provide for an independent, stable source of funding for the Division, subject to review by the Commission; and

(B) may differentiate among different classes of issuers.

(5) ALLOCATION OF ACCOUNTING SUPPORT FEES AMONG ISSUERS.—Any amount due from issuers (or a particular class of issuers) under this subsection to fund the budget of the Division of Oversight Audits shall be allocated among and payable by each issuer (or

each issuer in a particular class, as applicable) in an amount equal to the total of such amount, multiplied by a fraction—

(A) the numerator of which is the average monthly equity market capitalization of the issuer for the 12-month period immediately preceding the beginning of the fiscal year to which such budget relates; and

(B) the denominator of which is the average monthly equity market capitalization of all such issuers for such 12-month period.

SA 4180. Mr. GRASSLEY submitted an amendment intended to be proposed by him to the bill S. 2673, to improve quality and transparency in financial reporting and independent audits and accounting services for public companies, to create Public Company Accounting Oversight Board, to enhance the standard setting process for accounting practices, to strengthen the independence of firms that audit public companies, to increase corporate responsibility and the usefulness of corporate financial disclosure, to protect the objectivity and independence of securities analysts, to improve Securities and Exchange Commission resources and oversight, and for other purposes; which was ordered to lie on the table; as follows:

On page 70, strike lines 1 through 19, and insert the following:

“(9) the opining on a financial statement with respect to the proper financial statement results of—

“(A) any listed transaction, or

“(B) any reportable transaction (other than a listed transaction) if a significant purpose of such transaction is the avoidance or evasion of Federal income tax,

but only if the registered public accounting firm (or any such associated person of such firm) has directly or indirectly provided any material aid, assistance, or advice with respect to the organizing, promoting, selling, implementing, or carrying out of such listed or reportable transaction, and

“(10) any other service that the Board determines, by regulation, is impermissible.

“(h) RULES AND DEFINITIONS RELATING TO NON-AUDIT SERVICES.—

“(1) PREAPPROVAL REQUIRED FOR NON-AUDIT SERVICES.—A registered public accounting firm may engage in any non-audit service, including tax services, that is not described in any of paragraphs (1) through (10) of subsection (g) for an audit client, only if the activity is approved in advance by the audit committee of the issuer, in accordance with subsection (i).

“(2) REPORTABLE AND LISTED TRANSACTIONS.—For purposes of subsection (g)(9)—

“(A) REPORTABLE TRANSACTION.—The term ‘reportable transaction’ means any transaction with respect to which information is required to be included with a return or statement because, as determined under regulations prescribed under section 6011 of the Internal Revenue Code of 1986, such transaction is of a type which the Secretary of the Treasury determines as having a potential for tax avoidance or evasion.

“(B) LISTED TRANSACTION.—Except as provided in regulations, the term ‘listed transaction’ means a reportable transaction which is the same as, or similar to, a transaction specifically identified by the Secretary of the Treasury as a tax avoidance transaction for purposes of section 6011 of such Code.”.

(b) EXEMPTION AUTHORITY.—The Board may, on a case by case basis, exempt any person, issuer, public accounting firm, or

transaction from the prohibition on the provision of services under section 10A(g) of the Securities Exchange Act of 1934 (as added by this section), to the extent that such exemption is necessary or appropriate in the public interest and is consistent with the protection of investors, and subject to review by the Commission in the same manner as for rules of the Board under section 107. This subsection shall not apply to services described in paragraph (9) of such section 10A(g).

SA 4181. Mr. GRASSLEY submitted an amendment intended to be proposed by him to the bill S. 2673, to improve quality and transparency in financial reporting and independent audits and accounting services for public companies, to create a Public Company Accounting Oversight Board, to enhance the standard setting process for accounting practices, to strengthen the independence of firms that audit public companies, to increase corporate responsibility and the usefulness of corporate financial disclosure, to protect the objectivity and independence of securities analysts, to improve Securities and Exchange Commission resources and oversight, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. . BANKRUPTCY PROVISIONS.

(a) PREFERENCES.—Section 547 of title 11, United States Code, is amended by adding at the end the following:

“(h) A trustee may avoid any transfer made within 1 year before the date of the filing of the petition that was made to an insider, officer, or director for any bonuses, loans, nonqualified deferred compensation, or other extraordinary or excessive compensation as determined by the court.”.

(b) FRAUDULENT TRANSFERS AND OBLIGATIONS.—Section 548(a) of title 11, United States Code, is amended by adding at the end the following:

“(3) The trustee may avoid any transfer of an interest of the debtor in property, or any obligation incurred by the debtor, including any bonuses, loans, nonqualified deferred compensation, or other extraordinary or excessive compensation as determined by the court, paid to any officer, director, or employee of an issuer of securities (as defined in section 2(a) of the Public Company Accounting Reform and Investor Protection Act of 2002), if—

“(A) that transfer of interest or obligation was made or incurred on or within 4 years before the date of the filing of the petition; and

“(B) the officer, director, or employee was directly or indirectly responsible for—

“(i) any violation of the Federal securities laws (as defined in section 3(a)(47) of the Securities Exchange Act of 1934), State securities laws, or any regulation or order issued under Federal or State securities laws;

“(ii) fraud, deceit, or manipulation in a fiduciary capacity or in connection with the purchase or sale of any security registered under section 12 or 15(d) of the Securities Exchange Act of 1934 or under section 6 of the Securities Act of 1933; or

“(iii) improper, illegal, or deceptive accounting practices.”.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ENVIRONMENTAL AND PUBLIC WORKS

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Environment and Public Works be authorized to meet on Tuesday, July 9, 2002, at 2:30 p.m. to conduct a hearing to receive testimony on Sections 2015, 2016, 2017(a) and (b), 2018 and 2019 of S. 2225, the National Defense Authorization Act for Fiscal Year 2003.

The hearing will be held in SD-406.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FOREIGN RELATIONS

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Tuesday, July 9, 2002 at 10:30 a.m. to hold a hearing on the Moscow Treaty.

Agenda

Witness: The Honorable Colin L. Powell, Secretary of State, Washington, DC.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FOREIGN RELATIONS

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Tuesday, July 9, 2002 at 2:30 p.m. to hold a nomination hearing.

Agenda

Nominees: Mr. John Blaney, of Virginia, to be Ambassador to the Republic of Liberia; Ms. Aurelia Brazeal, of Georgia, to be Ambassador to the Federal Democratic Republic of Ethiopia; Mr. Martin Brennan, of California, to be Ambassador to the Republic of Zambia; Mr. J. Anthony Holmes, of California, to be Ambassador to Burkina Faso; Ms. Vicki Huddleston, of Arizona, to be Ambassador to the Republic of Mali; Mr. Donald Johnson, of Texas, to be Ambassador to the Republic of Cape Verde; Mr. Jimmy Kolker, of Missouri, to be Ambassador to the Republic of Uganda; Ms. Gail Mathieu, of New Jersey, to be Ambassador to the Republic of Niger; Mr. Richard Roth, of Michigan, to be Ambassador to the Republic of Senegal; and to serve concurrently and without additional compensation as Ambassador to the Republic of Guinea-Bissau; and Mr. James Yellin, of Pennsylvania, to be Ambassador to the Republic of Burundi.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON HEALTH, EDUCATION, AND PUBLIC WORKS

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Health, Education, Labor, and Pensions be authorized to meet for a hearing on The Nomination of Dr. Richard H. Carmona, of Arizona to be Surgeon General of the Public Health Service during the session of the Senate on Tuesday, July 9, 2002 at 10 a.m. in SD-430.