

with Enron stock. Records show that Mr. Lay at first drew down the line of credit once per month then every two weeks and then, on some occasions, several days in a row. In the one-year period from October 2000 to October 2001, Mr. Lay used the credit line to obtain over \$77 million in cash from the company and repaid the loans exclusively with Enron stock, at a time when the company had significant cash flow issues. After Enron's collapse, it was discovered that Mr. Lay had failed to repay and still owes the company about \$7 million. The Subcommittee concluded that the Enron board had failed to monitor or halt abuse by Mr. Lay of his multi-million-dollar, company-financed credit line.

Enron, of course, is not alone in having experienced corporate loan abuses. Similar abuses by corporate executives given company-financed loans for millions of dollars have taken place at other U.S. publicly traded companies. At the time of Worldcom's collapse, for example, Board Chairman and CEO Bernard Ebbers was found to have outstanding company-financed loans exceeding \$400 million. Apparently, most of these loans had been provided to enable him to purchase Worldcom stock. At Tyco International, Board Chairman and CEO Dennis Kozlowski and other executives apparently managed to secure not only multi-million-dollar personal loans using company funds, but to arrange to have these loans deemed "forgiven" in amounts allegedly totaling more than \$100 million. Apparently these loans were to pay for employee relocation expenses, including the purchase of expensive residences. Numerous other publicly traded companies have also provided troubling, multi-million-dollar, company-financed loans to corporate executives, including Adelphia, AMC Entertainment, Dynegy, FedEx, Healthsouth, Home Depot, Kmart, Mattel, Microsoft, Priceline.com, SONICblue, and more.

Given the extent of insider abuse in this area and the lack of effective Board or management oversight, the Subcommittee recommended in its July report that Board members at publicly traded companies bar the issuance of company-financed loans to company directors and senior officers. Later that same month, Senator Charles Schumer offered on the Senate floor the amendment that led to inclusion of the Section 402 prohibition in the final corporate reform law.

Media reports indicate that some companies may be pressing the SEC to narrow the scope of the prohibition or otherwise weaken it through regulation, guidance, or other means. These media reports suggest that opponents want exemptions, for example, for company loans used by executives to purchase company stock, exercise stock options, obtain insurance, relocate for work, or pay taxes. But the legislative history provides no basis for creating these exemptions or otherwise weakening the provision. To the contrary, the statutory prohibition makes it clear that publicly traded companies are not supposed to be using company funds to provide personal financing to company directors or officers for any reason; financing is to be provided instead by lenders, credit card operators, or other third parties engaged in the ordinary course of business.

In light of the abusive record compiled by the Permanent Subcommittee on Investigations among others, the Subcommittee's bipartisan recommendation to bar company-financed loans to corporate directors or officers, and the plain language of the statutory prohibition itself, the Commission should continue to resist efforts to weaken this significant post-Enron reform. Congress enacted and the SEC must enforce this bright-line measure to end corporate loan abuses by top executives.

Thank you for your attention to this important matter. If your staff has any questions or concerns about this letter or would like additional copies of the Subcommittee report, please have them contact Elise Bean, Subcommittee Staff Director, at (202) 224-9505 or Kim Corthell, Minority Staff Director, at (202) 224-3721.

Sincerely,

SUSAN M. COLLINS,  
*Ranking Member*  
Minority  
CARL LEVIN,  
*Chairman*.

#### LOCAL LAW ENFORCEMENT ACT OF 2001

Mr. SMITH. Mr. President, I rise today to speak about the need for hate crimes legislation. In the last Congress Senator KENNEDY and I introduced the Local Law Enforcement Act, a bill that would add new categories to current hate crimes law, sending a signal that violence of any kind is unacceptable in our society.

I would like to describe a terrible crime that occurred September 2, 2001 in Athens, GA. Christopher Gregory, 20, was attacked while leaving a gay bar. Gregory was walking with friends when a group of people started shouting anti-gay epithets at them. After Gregory turned and yelled "Leave us alone!" an attacker punched him, knocking him to the ground. As the attacker walked away he directed another anti-gay slur toward Gregory.

I believe that government's first duty is to defend its citizens, to defend them against the harms that come out of hate. The Local Law Enforcement Enhancement Act is a symbol that can become substance. I believe that by passing this legislation and changing current law, we can change hearts and minds as well.

#### TURKEY'S REQUEST TO NATO FOR ASSISTANCE

Mr. BIDEN. Mr. President, I rise today to condemn in the strongest terms the rejection yesterday by France, Germany, and Belgium of Turkey's formal request for defensive help under Article 4 of the North Atlantic Treaty. This was the first invocation of Article 4 in the 54-year history of NATO.

Article 4 mandates alliance members to consult "whenever, in the opinion of any of them, the territorial integrity, political independence or security of any of the Parties is threatened." Fearing a preemptive attack by Iraq, Turkey requested Patriot missile batteries, AWACS radar planes, and specialized units for countering chemical and biological warfare.

Sixteen of the 19 NATO members voted to grant Turkey its request. France, Germany, and Belgium, however, refused, thereby blocking the request under the alliance's consensus principle. Paris, Berlin, and Brussels argued that even this kind of defensive action by NATO would appear to com-

mit the alliance to war before the U.N. weapons inspectors in Iraq had issued their second report this Friday.

I have spoken at length on the situation in Iraq on the floor of this chamber and in many other venues. Today, therefore, I will restrict my comments to yesterday's action in NATO's North Atlantic Council, NAC, and the potential ramifications for the future of the alliance.

Frankly, I am shocked and outraged at the behavior of France, Germany, and Belgium. I could easily give an emotional response, but I will not descend to the level of caricature and vitriolic insults that, unfortunately, one increasingly hears from Western European America-bashers.

Nor will I indulge in blanket criticism. France is this country's oldest ally and in the last 12 years took part in the Gulf War, the Kosovo air campaign, and in Operation Enduring Freedom. Germany too has participated in recent military and peacekeeping operations and on this very day, together with the Netherlands, is assuming command of the International Security Assistance Force, ISAF, peacekeeping operation in Afghanistan. Belgium is also contributing troops to peacekeeping in the Balkans.

This is, however, only part of the story. Recent history, unfortunately, gives us a foretaste of yesterday's action in the NAC. One might recall Belgium's refusal during the Gulf War to sell ammunition to NATO ally Great Britain. Or more directly applicable was the Bundestag speech early in 1991 by Mr. Otto Lambsdorff, then a leader of the German Free Democratic Party, opposing military shipments to NATO ally Turkey because of elements of Ankara's domestic policy.

Germany's action yesterday was particularly distasteful, since that country's postwar economic miracle or "Wirtschaftswunder" was to a considerable extent built by the sweat of Turkish guest workers.

Aside from moral considerations, the refusal of assistance to Turkey by these three countries gravely undermines the solidarity that is the bedrock of the North Atlantic Alliance.

At first glance, their behavior is puzzling, since they surely know that the United States will stand by its Turkish ally and either unilaterally, or in conjunction with other NATO members, will provide the equipment that Ankara feels it needs.

Already one European ally has stepped up to the plate. The Dutch Foreign Ministry has declared that "the Netherlands is strongly opposed" to the French-German-Belgian move and "will go ahead with providing Patriot missiles to Turkey." The Dutch, in fact, have already sent an air force team to Turkey to prepare for the dispatch of the Patriot missile batteries, which will be manned by 370 Dutch military personnel.

So since Turkey will receive defensive assistance, the French-German-

Belgian refusal can only be seen as a symbolic gesture—a direct swipe at American leadership of the alliance—but one with more than symbolic importance. U.S. Ambassador Nick Burns declared that it is causing NATO to face “a crisis of credibility.”

I would use a metaphor to describe yesterday's action: Paris, Berlin, and Brussels are playing with fire. If the United States believes that NATO is a hindrance to its security requirements, it will continue to bypass the alliance, and NATO will quickly atrophy. No serious observer believes that the European Union has either the capability or the will to provide a credible military alternative to a NATO deprived of American muscle. A security vacuum would quickly develop on the continent, thereby undoing more than a half-century of common effort and endangering the EU itself.

Finally, let me address the faulty logic offered by France, Germany, and Belgium for their action yesterday. To repeat: their ambassadors argued that if NATO were to furnish Turkey with the defensive materiel it requested, it would appear that the alliance was committing itself to war before the U.N. weapons inspectors in Iraq had issued their second report this Friday.

Paris, Berlin, and Brussels might be interested to learn that U.N. Secretary General Kofi Annan will brief the members of the Security Council this Thursday on the status of contingency planning by the United Nations for humanitarian assistance for Iraq in the event of war.

According to the argument used yesterday in the NAC by the French, Germans, and Belgians, the U.N.'s action, therefore, is hastening the outbreak of war.

I fully anticipate that French President Chirac, German Chancellor Schroeder, and Belgian Prime Minister Verhofstadt will condemn Secretary General Annan for his recklessness.

#### RULES OF THE COMMITTEE ON VETERANS' AFFAIRS

Mr. SPECTER. Mr. President, the Committee on Veterans' Affairs has adopted rules governing its procedures for the 108th Congress. Pursuant to Rules XXVI, paragraph 2, of the Standing Rules of the Senate, on behalf of myself and Senator GRAHAM, I ask unanimous consent that a copy of the committee rules be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

#### COMMITTEE ON VETERANS' AFFAIRS RULES OF PROCEDURE 108TH CONGRESS I. MEETINGS

(a) Unless otherwise ordered, the Committee shall meet on the first Wednesday of each month. The Chairman may, upon proper notice, call such additional meetings as deemed necessary.

(b) Except as provided in subparagraphs (b) and (d) of paragraph 5 of rule XXVI of the

Standing Rules of the Senate, meetings of the Committee shall be open to the public. The Committee shall prepare and keep a complete transcript or electronic recording adequate to fully record the proceedings of each meeting whether or not such meeting or any part thereof is closed to the public.

(c) The Chairman of the Committee, or the Ranking Majority Member present in the absence of the Chairman, or such other Member as the Chairman may designate, shall preside at all meetings.

(d) Except as provided in rule XXVI of the Standing Rules of the Senate, no meeting of the Committee shall be scheduled except by majority vote of the Committee or by authorization of the Chairman of the Committee.

(e) The Committee shall notify the office designated by the Committee on Rules and Administration of the time, place, and purpose of each meeting. In the event such meeting is canceled, the Committee shall immediately notify such designated office.

(f) Written notice of a Committee meeting, accompanied by an agenda enumerating the items of business to be considered, shall be sent to all Committee members at least 72 hours (not counting Saturdays, Sundays, and Federal holidays) in advance of each meeting. In the event that the giving of such 72-hour notice is prevented by unforeseen requirements or Committee business, the Committee staff shall communicate notice by the quickest appropriate means to members or appropriate staff assistants of Members and an agenda shall be furnished prior to the meeting.

(g) Subject to the second sentence of this paragraph, it shall not be in order for the Committee to consider any amendment in the first degree proposed to any measure under consideration by the Committee unless a written copy of such amendment has been delivered to each member of the Committee at least 24 hours before the meeting at which the amendment is to be proposed. This paragraph may be waived by a majority vote of the members and shall apply only when 72-hour written notice has been provided in accordance with paragraph (f).

#### II. QUORUMS

(a) Subject to the provisions of paragraph (b), eight members of the Committee shall constitute a quorum for the reporting or approving of any measure or matter or recommendation. Five members of the Committee shall constitute a quorum for purposes of transacting any other business.

(b) In order to transact any business at a Committee meeting, at least one member of the minority shall be present. If, at any meeting, business cannot be transacted because of the absence of such a member, the matter shall lay over for a calendar day. If the presence of a minority member is not then obtained, business may be transacted by the appropriate quorum.

(c) One member shall constitute a quorum for the purpose of receiving testimony.

#### III. VOTING

(a) Votes may be cast by proxy. A proxy shall be written and may be conditioned by personal instructions. A proxy shall be valid only for the day given.

(b) There shall be a complete record kept of all Committee action. Such record shall contain the vote cast by each member of the Committee on any question on which a roll call vote is requested.

#### IV. HEARINGS AND HEARING PROCEDURES

(a) Except as specifically otherwise provided, the rules governing meetings shall govern hearings.

(b) At least 1 week in advance of the date of any hearing, the Committee shall under-

take, consistent with the provisions of paragraph 4 of rule XXVI of the Standing Rules of the Senate, to make public announcements of the date, place, time, and subject matter of such hearing.

(c) The Committee shall require each witness who is scheduled to testify at any hearing to file 40 copies of such witness' testimony with the Committee not later than 48 hours prior to the witness' scheduled appearance unless the Chairman and Ranking Minority Member determine there is good cause for failure to do so.

(d) The presiding member at any hearing is authorized to limit the time allotted to each witness appearing before the Committee.

(e) The chairman, with the concurrence of the Ranking Minority Member of the Committee, is authorized to subpoena the attendance of witnesses and the production of memoranda, documents, records, and any other materials. If the Chairman or a Committee staff member designated by the Chairman has not received from the Ranking Minority Member or a Committee staff member designated by the Ranking Minority Member notice of the Ranking Minority Member's nonconcurrence in the subpoena within 48 hours (excluding Saturdays, Sundays, and Federal holidays) of being notified of the Chairman's intention to subpoena attendance or production, the Chairman is authorized following the end of the 48-hour period involved to subpoena the same without the Ranking Minority Member's concurrence. Regardless of whether a subpoena has been concurred in by the Ranking Minority Member, such subpoena may be authorized by vote of the Members or the Committee. When the Committee or Chairman authorizes a subpoena, the subpoena may be issued upon the signature of the Chairman or of any other member of the Committee designated by the Chairman.

(f) Except as specified in Committee Rule VII (requiring oaths, under certain circumstances, at hearings to confirm Presidential nominations), witnesses at hearings will be required to give testimony under oath whenever the presiding member deems such to be advisable.

#### V. MEDIA COVERAGE

Any Committee meeting or hearing which is open to the public may be covered by television, radio, and print media. Photographers, reporters, and crew members using mechanical recording, filming or broadcasting devices shall position and use their equipment so as not to interfere with the seating, vision, or hearing of the Committee members or staff or with the orderly conduct of the meeting or hearing. The presiding members of the meeting or hearing may for good cause terminate, in whole or in part, the use of such mechanical devices or take such other action as the circumstances and the orderly conduct of the meeting or hearing may warrant.

#### VI. GENERAL

All applicable requirements of the Standing Rules of the Senate shall govern the Committee.

#### VII. PRESIDENTIAL NOMINATIONS

(a) Each Presidential nominee whose nomination is subject to Senate confirmation and referred to this Committee shall submit a statement of his or her background and financial interests, including the financial interests of his or her spouse and of children living in the nominee's household, on a form approved by the Committee which shall be sworn to as to its completeness and accuracy. The Committee form shall be in two parts—

(A) information concerning employment, education, and background of the nominee