

or residential real estate management association may not adopt or enforce any policy, or enter into any agreement, that would restrict or prevent an association member from displaying the U.S. flag on residential property within the association with respect to which such member has a separate ownership interest or a right to exclusive possession or use. The bill stipulates that the legislation be consistent with Federal law or rule governing the display of the flag and be consistent with other reasonable management restrictions pertaining to the time, place or manner of such display.

Thank you for your leadership on this common sense measure. MOAA is pleased to endorse H.R. 42, the "Freedom to Display the American Flag Act of 2005".

Sincerely,

NORBERT R. RYAN,
President.

GOLD STAR WIVES OF AMERICA, INC.,
Arlington, VA, June 12, 2006.

Hon. ROSCOE G. BARTLETT,
Washington, DC.

DEAR CONGRESSMAN BARTLETT: On behalf of Gold Star Wives of America, "thank you" for introducing H.R. 42, the "Freedom to Display the American Flag Act of 2005." Gold Star Wives support H.R. 42 because it's the right thing to do to display the American flag on one's own property. It's the patriotic thing to do, especially with Flag Day coming up. We all should be proud to display the American flag.

Over the years, we've read news reports that organizations such as condo or coop associations have rules that prevent their home-owners from flying the American flag on their own property. How unpatriotic of these association managers for their absurd rules. Those management rules are senseless. They should be encouraging flying the American flag, not discouraging it.

Our soldiers continue to serve and die for our country to make it free—free to fly the American flag, especially on our own property!

Sincerely,

ROSE E. LEE,
Chair, Legislative Committee.

Mr. Speaker, I reserve the balance of my time.

Mr. MOORE of Kansas. Mr. Speaker, I thank the gentleman for his comments, and I rise today in support of H.R. 42, the Freedom to Display the American Flag Act.

This bill, as the gentleman stated, provides that a condominium association, a cooperative association, or residential real estate management association may not prohibit a resident of the association from displaying an American flag on their property within the association.

American citizens should not be prevented from expressing simple acts of patriotism, especially raising the flag on their own property, even if their property is part of a larger association of properties.

I am proud to be here today to support this bill, which supports basic patriotism and ensures that Americans may display the American flag wherever they live.

Mr. GENE GREEN of Texas. Mr. Speaker, I rise today in favor of H.R. 42, the Freedom to Display the American Flag Act. This bill would allow homeowners to fly the American flag on their own property in accordance with the U.S. Flag Code.

I signed on to this bill because I have a constituent who was told by his homeowners association that his flagpole and his display of the American flag were in violation of their association rules.

Homeowners should have the freedom to display the American flag on their property. Our flag represents our country as a symbol of our patriotism, unity, and most of all bravery.

Right now our service men and women are courageously fighting the war on terrorism and putting their lives on the line every day to protect our great Nation and the freedoms that we hold so dearly.

This bill guarantees the homeowner the ability to display the flag and show their support for this great Nation.

We must always remember the sacrifices others have made so that we enjoy the freedoms we have. The flag should never be considered an eyesore on property.

Mr. MOORE of Kansas. Mr. Speaker, I yield back the balance of my time.

Mr. BARTLETT of Maryland. Mr. Speaker, I yield back the balance of our time.

The SPEAKER pro tempore (Mr. KLINE). The question is on the motion offered by the gentleman from Maryland (Mr. BARTLETT) that the House suspend the rules and pass the bill, H.R. 42.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

SEASONED CUSTOMER CTR EXEMPTION ACT OF 2006

Mr. BACHUS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5341) to amend section 5313 of title 31, United States Code, to reform certain requirements for reporting cash transactions, and for other purposes, as amended.

The Clerk read as follows:

H.R. 5341

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SEC. 1. SHORT TITLE.

This Act may be cited as the "Seasoned Customer CTR Exemption Act of 2006".

SEC. 2. EXCEPTION FROM CURRENCY TRANSACTION REPORTS FOR SEASONED CUSTOMERS.

(a) FINDINGS.—*The Congress finds as follows:*

(1) *The completion of and filing of currency transaction reports under section 5313 of title 31, United States Code, poses a compliance burden on the financial industry.*

(2) *Due to the nature of the transactions or the persons and entities conducting such transactions, some reports as currently filed may not be relevant to the detection, deterrence, or investigation of financial crimes, including money laundering and the financing of terrorism.*

(3) *However, the data contained in such reports can provide valuable context for the analysis of other data derived pursuant to subchapter II of chapter 53 of title 31, United States Code, as well as investigative data, which provide invaluable and indispensable information supporting efforts to combat money laundering and other financial crimes.*

(4) *An appropriate exemption process from the reporting requirements for certain currency*

transactions that are of little or no value to ongoing efforts of law enforcement agencies, financial regulatory agencies, and the financial services industry to investigate, detect, or deter financial crimes would continue to fulfill the compelling need to produce and provide meaningful information to policy-makers, financial regulators, law enforcement, and intelligence agencies, while potentially lowering the compliance burden placed on financial institutions by the need to file such reports.

(5) *The Secretary of the Treasury has by regulation, and in accordance with section 5313 of title 31, United States Code, implemented a process by which institutions may seek exemptions from filing certain currency transaction reports based on appropriate circumstances; however, the financial industry has not taken full advantage of these provisions and has contended that they are unduly burdensome.*

(6) *The act of providing notice to the Secretary of the Treasury of designations of exemption—*

(A) *provides meaningful information to law enforcement officials on exempt customers and enables law enforcement to obtain account information through appropriate legal process; and*

(B) *complements other sections of title 31, United States Code, whereby law enforcement can locate financial institutions with relevant records relating to a person of investigative interest, such as information requests made pursuant to regulations implementing section 314(a) of the USA PATRIOT Act of 2001.*

(7) *A designation of exemption has no effect on requirements for depository institutions to apply the full range of anti-money laundering controls required under subchapter II of chapter 53 of title 31, United States Code, and related provisions of law, including the requirement to apply the customer identification program pursuant to section 5326 of such title, and the requirement to identify, monitor, and, if appropriate, report suspicious activity in accordance with section 5318(g) of such title.*

(8) *The Federal banking agencies and the Financial Crimes Enforcement Network have recently provided guidance through the Federal Financial Institutions Examination Council Bank Secrecy Act/Anti-Money Laundering Examination Manual on applying appropriate levels of due diligence and identifying suspicious activity by the types of cash-intensive businesses that generally will be subject to exemption.*

(b) SEASONED CUSTOMER EXEMPTION.—*Section 5313(e) of title 31, United States Code, is amended to read as follows:*

"(e) QUALIFIED CUSTOMER EXEMPTION.—

"(1) IN GENERAL.—Before the end of the 270-day period beginning on the date of the enactment of the Seasoned Customer CTR Exemption Act of 2006, the Secretary of the Treasury shall prescribe regulations that exempt any depository institution from filing a report pursuant to this section in a transaction for the payment, receipt, or transfer of United States coins or currency (or other monetary instruments the Secretary of the Treasury prescribes) with a qualified customer of the depository institution.

"(2) QUALIFIED CUSTOMER DEFINED.—For purposes of this section, the term 'qualified customer', with respect to a depository institution, has such meaning as the Secretary of the Treasury shall prescribe, which shall include any person that—

"(A) is incorporated or organized under the laws of the United States or any State, including a sole proprietorship (as defined in 31 C.F.R. 103.22(d)(6)(vii), as in effect on May 10, 2006), or is registered as and eligible to do business within the United States or a State;

"(B) has maintained a deposit account with the depository institution for at least 12 months; and

"(C) has engaged, using such account, in multiple currency transactions that are subject to the reporting requirements of subsection (a).

“(3) REGULATIONS.—

“(A) IN GENERAL.—The Secretary of the Treasury shall prescribe regulations requiring a depository institution to file a 1-time notice of designation of exemption for each qualified customer of the depository institution.

“(B) FORM AND CONTENT OF EXEMPTION NOTICE.—The Secretary shall by regulation prescribe the form, manner, content, and timing of the qualified customer exemption notice and such notice shall include information sufficient to identify the qualified customer and the accounts of the customer.

“(C) AUTHORITY OF SECRETARY.—

“(i) IN GENERAL.—The Secretary may suspend, reject, or revoke any qualified customer exemption notice, in accordance with criteria prescribed by the Secretary by regulation.

“(ii) CONDITIONS.—The Secretary may establish conditions, in accordance with criteria prescribed by regulation, under which exempt qualified customers of an insured depository institution that is merged with or acquired by another insured depository institution will continue to be treated as designated exempt qualified customers of the surviving or acquiring institution.”.

(c) 3-YEAR REVIEW AND REPORT.—Before the end of the 3-year period beginning on the date of the enactment of this Act, the Secretary of the Treasury, in consultation with the Attorney General, the Secretary of Homeland Security, the Federal banking agencies, the banking industry, and such other persons as the Secretary deems appropriate, shall evaluate the operations and effect of the provisions of the amendment made by subsection (a) and make recommendations to Congress as to any legislative action with respect to such provision as the Secretary may determine to be appropriate.

SEC. 3. PERIODIC REVIEW OF REPORTING THRESHOLD AND ADJUSTMENT FOR INFLATION.

Section 5318 of title 31, United States Code, is amended by adding at the end the following new subsection:

“(o) PERIODIC REVIEW OF REPORTING THRESHOLD AND ADJUSTMENT FOR INFLATION.—

“(1) IN GENERAL.—Before the end of the 90-day period beginning on the date of the enactment of the Seasoned Customer CTR Exemption Act of 2006 and at least every 5 years after the end of such period, the Secretary of the Treasury shall—

“(A) review the continuing appropriateness, relevance, and utility of each threshold amount or denomination established by the Secretary, in the Secretary’s discretion, for any report required by the Secretary under this subchapter; and

“(B) adjust each such amount, at such time and in such manner as the Secretary considers appropriate, for any inflation that the Secretary determines has occurred since the date any such amount was established or last adjusted, as the case may be.

“(2) REPORT.—Before the end of the 60-day period beginning upon the completion of any review by the Secretary of the Treasury under paragraph (1), the Secretary shall submit a report to the Congress containing the findings and conclusions of the Secretary in connection with such review, together with an explanation for any adjustment, or lack of adjustment, of any threshold amount or denomination by the Secretary as a result of such review, including the adjustment for inflation.”.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Alabama (Mr. BACHUS) and the gentlewoman from New York (Mrs. MALONEY) each will control 20 minutes.

The Chair recognizes the gentleman from Alabama.

Mr. BACHUS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, for some 14 years the Congress of the United States has known and identified a problem, and that is the number of currency transaction reports required by the Bank Secrecy Act.

The Internal Revenue Service, which administers this program, as early as 1993 made this statement. It said that 30 to 40 percent of these reports, and I quote, of routine deposits by large, well-established retail businesses have no likelihood of identifying potential money laundering or other currency violations.

The GAO in 1994 published a report which says, our analysis of CTR filing confirms that the volume of CTRs could be substantially reduced without jeopardizing law enforcement needs.

□ 1200

The GAO, the Internal Revenue, FinCEN, have all recommended that what we do to reduce the number of CTRs by 30 to 40 percent is simply to exempt large well-established customers, what are so-called “seasoned customers.”

In fact, I want to read into the RECORD and introduce into the RECORD a report by William Fox, who headed up FinCEN, the government’s top law enforcement agency charged with coordinating money laundering and terrorist financing activities.

Here is what he said: “We know that some of the currency transaction reports filed by financial institutions are of little relevance in the investigation of financial crimes. We also know that depository institutions, especially our community banks, identify the time and expense of filing CTRs as the number one regulatory expense. It is clear that our efforts to encourage the exemption of routine filings on certain customers has not brought about the reductions of filings that were sought.”

Working with William Fox, members of this committee, Mr. FRANK, Mrs. MALONEY, myself, Mr. HENSARLING, Mr. MOORE, Ms. HOOLEY, and several others, we actually fashioned legislation which we introduced and have passed out of this House on two different occasions over the past year. That legislation has died or was not acted on in the Senate. In the last case, it was simply because it was included in part of the reg relief bill.

So the purpose of this legislation is to break it out, isolate it into specific legislation dealing with that and nothing else, and send it over to the other body in hopes that they will save our financial institutions from what the GAO in 1994 said was a cost of up to \$15 per report, maybe as little as \$3, but as much as \$15, and save our law enforcement agencies \$2 to \$3 per report, an overall savings of tens of millions of dollars which will allow law enforcement and our financial institutions to concentrate on the bad guys, not well-established routine business transactions by their customers.

Mr. Speaker, at this time I reserve the balance of my time.

Mrs. MALONEY. Mr. Speaker, I yield myself such time as I may consume.

I rise in strong support of H.R. 5341, the Seasoned Customer CTR Exemption Act of 2006. This bill is similar to an amendment I authored with Congressman RENZI at the committee markup of H.R. 3505, the regulatory relief bill that the House passed overwhelmingly in March. Because the Senate version of regulatory relief does not include this provision, we are passing it as a separate bill.

I am delighted to be a cosponsor of this bill along with my colleagues, Congressman BACHUS and Ranking Member FRANK. With 22 bipartisan cosponsors, it is a good example of the cooperative work of the Financial Services Committee.

This bill is intended to relieve financial institutions from unnecessary filings of currency transactions. This provision would reduce CTR filings by 70 to 90 percent for most financial institutions, saving many, many hours each year. By freeing financial institutions from filing useless CTRs, this bill enables them to concentrate on the more useful suspicious activity reports, which are those reports that financial institutions file when they believe a particular transaction of any sort or size warrants further review by law enforcement. More important, this also enables the regulators to concentrate on the important SAR filings, rather than CTRs from repeat trusted customers.

The bill would require banks to provide a one-time notice to FinCEN, the lead money laundering agency, of a proposed exemption for a particular well-known customer, and to describe the customer’s relationship with the bank as the grounds for such exemption if FinCEN feels that the customer should not be in the reports or CTRs.

At present, a CTR must be filed for every single transaction of over \$10,000, which results in more than 13 million CTRs being filed annually. Many of these CTRs, particularly those from business customers well known to the banks, are of absolutely no use to law enforcement. It is a waste of the bank’s time and of law enforcement’s time to file and to review them.

The CTR filings that distract both the banks and regulators from using their resources to find terrorists and money launderers are counterproductive. To relieve this problem, this bill instructs the Secretary of the Treasury to prescribe regulations that exempt a depository institution from filing a CTR if the transaction is with a seasoned customer, that is, a business which has kept a deposit account at the bank for a year and is engaged in multiple currency transactions subject to the CTR requirements.

The idea was first proposed by the Internal Revenue Department, and also in the GAO report that my colleague has cited in his remarks; and it was also proposed by the Treasury Department and law enforcement for exactly

this reason. FinCEN Director Bill Fox strongly endorsed this seasoned customer exemption saying, and I quote, "This change will make the exemption more effective, while still ensuring that currency transaction reporting identification, critical to identifying criminal financial activity, is made available to law enforcement."

The banking regulators also expressed strong support for this proposal. OCC and OTS both agreed with FinCEN that the CTR filing process had become counterproductive in terms of national security because so many CTRs are filed that important data is lost in the haystack.

In the new Bank Secrecy Act provisions, we asked our financial institutions to take a front-line position in the war on money laundering and terrorist financing and we need to give them the ability to use their resources to their best advantage.

As a Representative of New York City, which is both an important financial center of the United States and a city that is very concerned about terrorism, I am concerned not only about giving the regulators the proper tools which they need, but I am also concerned that burdens are not placed on financial institutions that are redundant, particularly for mid-sized and smaller banks.

I know the vast majority of my colleagues on both sides of the aisle share this concern, and we worked hard together to pass carefully balanced legislation addressing it, so I urge my colleagues to continue that effort and vote for this underlying bill.

I rise in support of H.R. 5341, the Seasoned Customer CTR Exemption Act of 2006.

This bill is a reiteration of the amendment I offered with Congressman RENZI at the Committee markup of H.R. 3505, the reg relief bill that the House passed by a 415 to 2 vote in March. Because the Senate version of reg relief does not include this provision, we are passing it as a separate bill. I am delighted to cosponsor this bill with my colleague Congressman BACHUS. With 22 bipartisan cosponsors, it is a good example of the bipartisan work of the Financial Services Committee.

This bill is intended to relieve banks from unnecessary filings of Currency Transaction reports, or CTRs. At present, a CTR must be filed for every single transaction over \$10,000, which results in more than 13 million CTRs being filed annually. Many of these CTRs, particularly those from business customers well known to their banks, are of no use to law enforcement. It is a waste of the banks' time to file them and a waste of law enforcement time to review them. CTR filings that distract both the banks and regulators from using their resources to find terrorists and money launderers are counterproductive.

To relieve this problem, this bill instructs the Secretary of the Treasury to prescribe regulations that exempt a depository institution from filing a CTR if the transaction is with a "seasoned" customer, that is, a business which has kept a deposit account at the bank for a year and has engaged in multiple currency transactions subject to the CTR requirements.

This provision would reduce CTR filings by 70 to 90 percent for most banks, saving banks many hours each year.

By freeing banks from filing useless CTRs, this bill enables them to concentrate on the more useful Suspicious Activity Reports, which are those reports bank file when they believe a particular transaction of any sort or size warrants further review by law enforcement.

More important, this also enables the regulators to concentrate on the important SAR filings rather than CTRs from repeat customers.

The bill would require banks to provide a one-time notice to FinCEN, the lead money laundering agency, of a proposed exemption for a particular well-known customer, and to describe the customer's relationship with the bank as the grounds for such exemption. If FinCEN feels that the customer should not be exempted, then it can reject the proposed exemption. And the exemption can be revoked by FinCEN at any time. The government remains in complete control of the exemption process.

Indeed, this measure was *proposed* by the Treasury Department and law enforcement for exactly this reason. FinCEN Director Bill Fox strongly endorsed this seasoned customer exemption, stating that: "This change will make the exemption more effective while still ensuring that currency transaction reporting information critical to identifying criminal financial activity is made available to law enforcement."

The banking regulators also expressed strong support for this proposal. OCC and OTS both agreed with FinCEN that the CTR filing process had become counterproductive in terms of national security because so many CTRs are filed that important data is lost in the haystack.

In the new Bank Secrecy Act provisions, we asked our financial institutions to take a front-line position in the war on money laundering and terrorist financing. We need to give them the ability to use their resources to best advantage.

As a representative of New York City, the financial center of the United States, I am particularly concerned about the burdens the Bank Secrecy Act puts on our financial institutions, particularly those that are not megainstitutions but are mid-size and smaller.

I know the vast majority of my colleagues on both sides of the aisle share this concern and we worked hard together to pass carefully balanced legislation addressing it.

I urge my colleagues to continue that effort and vote for this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. BACHUS. Mr. Speaker, I would like to inquire as to how much time remains.

The SPEAKER pro tempore. The gentleman from Alabama has 16 minutes remaining and the gentlewoman from New York has 14½ minutes remaining.

Mr. BACHUS. Mr. Speaker, last September, William Fox, at that time head of FinCEN, made this statement at a hearing before the Financial Services Committee. He said: "The Congress has in the past recognized the need to reduce the number of currency transaction reports that may not have a high degree of usefulness to law enforcement and ordered us to find a way to do so."

As a result of that hearing, Chairman OXLEY, the chairman of the full committee, made as a priority the committee working in a bipartisan way to find a way, working with law enforcement, to reduce the number of CTRs. It was a result of that hearing and numerous statements by both law enforcement, by financial regulators, by financial institutions, and by Members of Congress in both bodies to work out a solution to this long-existing problem. So I would like to commend Chairman OXLEY.

As a result of those hearings, there was introduced 3505, the Financial Services Regulatory Relief Act, by Congressman RENZI and Mrs. MALONEY, who of course just spoke on this bill. They included a provision that was specifically drafted by Mr. FRANK, Mrs. MALONEY, Mr. HENSARLING and Mr. MOORE, which included a seasoned customer exemption. We passed 3505 out of this body by a vote of 415-2 back in March.

More recently, the bill before us, 5341, which has 22 bipartisan supporters on the Financial Services Committee, passed the Financial Services Committee on a unanimous vote, and H.R. 5341 seeks to reduce the regulatory burden caused by the Bank Secrecy Act. Specifically, the legislation requires that the regulators promulgate new regulations and streamline the process by which financial institutions may be exempted from filing CTRs for seasoned customers.

CTR's are required to be filed for cash transactions of \$10,000 or more. This filing is required even in the case of seasoned customers who are long-time bank customers that routinely file large volumes of cash and whose business dealings are well known and understood by the institution to the extent to rule out the possibility of money laundering or the financing of terror. Unfortunately, the current process by which a financial institution seeks an exemption under such a scenario is both cumbersome, hard to understand, and requires annual renewals.

Mr. Speaker, at this time I would like to recognize the gentleman from Texas (Mr. HENSARLING), who helped draft this legislation and the original legislation which was included in H.R. 3505, for such time as he may consume.

Mr. HENSARLING. Mr. Speaker, I thank the gentleman for yielding, and I certainly thank him for his leadership in this area.

I have the honor and privilege of representing the Fifth District of Texas here on the floor of the United States House. There are a lot of great communities, small communities, in east Texas that I represent, places like Canton, and Forney, and Athens. And part of the bedrock of these communities is their local financial institution, their small community bank or their credit union. Over the last decade, Mr. Speaker, we have seen the number of small community banks drop by almost a full

third. By almost a full third. And the major reason that we have seen this incredible drop in the number of our community banks is because of the high cost of Federal regulation.

The number one item that community bankers cite in the cost of regulation is the regulation associated with the Bank Secrecy Act. Now, nobody in the House will deny that clearly the number one priority of this institution is to fight and win the war on terror, and there is a very important role that the BSA, the Bank Secrecy Act, regime plays in that. But, Mr. Speaker, there has to be in the language of the statute itself a high degree of usefulness to law enforcement for all of these reports that are turned in. Sooner or later, there has to be a balance. There has to be a rule of reason.

So what we see on the one hand with our local financial institutions is that every new Federal regulation somewhere at the margin is raising the cost of credit. That means some family is going to struggle in trying to send a child to college. It means some family is going to struggle and maybe they are not able to borrow the money and make a downpayment on that first home. Maybe some family that wants to live the American Dream and finally amass enough capital to start their own business, they can't do it.

□ 1215

They can't do it because of the imposition of a Bank Secrecy Act that many of us believe, and apparently by a count of 415-2, is duplicative.

So, again, we have to ask ourselves, at what cost does this information come? For example, we received testimony from just one community banker.

Mr. Speaker, I ask unanimous consent that the testimony of Mr. Bradley Rock of the Bank of Smithtown, New York, be entered into the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

TESTIMONY OF BRADLEY E. ROCK ON BEHALF OF THE AMERICAN BANKERS ASSOCIATION BEFORE THE COMMITTEE ON FINANCIAL SERVICES SUBCOMMITTEE ON FINANCIAL INSTITUTIONS AND CONSUMER CREDIT UNITED STATES HOUSE OF REPRESENTATIVES, MAY 18, 2006

Chairman Bacchus and members of the Committee, my name is Bradley Rock. I am Chairman, President, and CEO of Bank of Smithtown, a \$950 million community bank located in Smithtown, New York, founded in 1910. I am also the Vice Chairman of the American Bankers Association (ABA). ABA, on behalf of the more than two million men and women who work in the nation's banks, brings together all categories of banking institutions to best represent the interests of this rapidly changing industry. Its membership—which includes community, regional and money center banks and holding companies, as well as savings associations, trust companies and savings banks—makes ABA the largest banking trade association in the country.

I have been honored to testify before this committee on prior occasions to present the

views of the ABA on the need to eliminate unnecessary, redundant, or inefficient regulatory burdens that increase costs for banks, reduce the amount of credit available to our communities and fail to make meaningful contributions to the welfare of our citizens. Among the largest of regulatory burdens is the regime of surveillance and reporting on the financial activity of our customers that has been imposed on banks under the Bank Secrecy Act and subsequent anti-money laundering statutes and regulations. I therefore welcome the opportunity to appear again before you—this time to address the particular issues of regulatory cost versus policy benefit that attend the current state of currency transaction reporting (CTR)—and to advocate for your consideration an overdue option to reform the system for the mutual advantage of bankers, law enforcement and the American public we all serve.

We support a simplified, meaningful seasoned business customer exemption. We commend you, Mr. Chairman, and the members of this Committee for adopting that straightforward approach as part of H.R. 3505, the Financial Services Regulatory Relief Act, adopted by the House of Representatives on March 8, 2006, by a vote of 415-2. We congratulate you on continuing to pursue this sensible and timely reform in the legislation being considered today, Seasoned Customer CTR Exemption Act of 2006, H.R. 5341.

From the Bank Secrecy Act passed a generation ago to Title III of the USA PATRIOT Act adopted in the wake of the heinous terrorist attacks of September 11, 2001, legislation has united bankers and the government in the battle to combat abuse of our financial system by those who would pervert it to commit criminal offenses, to launder the proceeds of illegal conduct or, more recently, to support the means and ends of terrorism. The ABA and its members share the policy goals of Congress in passing these laws. However, increasingly complex or redundant compliance requirements render these laws far less effective than they might be otherwise.

When establishing the BSA regulatory regime, Congress sought to require reports or records when they have, in the Act's very words, "a high degree of usefulness" for the prosecution and investigation of criminal activity, money laundering, counter-intelligence and international terrorism.

Unfortunately, in the focus on systems, programs, and procedures, the standard of "high degree of usefulness" seems to have been neglected. The result has been more reports and paper, with declining usefulness. ABA and its members strongly believe that the current CTR requirements have long departed from this standard of utility and in large measure serve more to distract and impede efforts against crooks and terrorists than to help to expose and stop them.

In my testimony, I would like to make three key points:

Congress has already recognized that the original currency transaction reporting obligations imposed on banks have become unduly burdensome, generate voluminous data on legitimate routine business transactions adding little to law enforcement's efforts at meaningful analysis, and therefore need to be refocused to restore the reports to a level of value more closely approximating "a high degree of usefulness."

Previously enacted relief to reduce reporting to a more useful volume has been unsuccessful. While Congress wisely recognized that banks don't need to collect, and the government does not need to receive and process volumes of records on legitimate business activity by well-known customers, the reform has not been successful in practice because procedures to exercise it are

cumbersome and carry significant procedural and supervisory risks.

Evolution of the BSA reporting regime has further reduced the purpose and value of currency transaction reporting. Requirements for rigorous customer identification programs, suspicious activity reporting, and the availability of focused and detailed information under section 314(a) of the PATRIOT Act leave little value to be added by collecting millions of CTRs on legitimate routine business activity.

CONGRESS ENDORSES AND LAW ENFORCEMENT RECOGNIZES THE NEED TO REDUCE REPORTING ON LEGITIMATE BUSINESS ACTIVITY

In 1994, Congress included in the Money Laundering Suppression Act a statutory exemption system for currency transaction reporting. The new two-phase system was intended to address concerns that the number of CTRs being filed for routine business activity adversely affected law enforcement's ability to use the data. As the GAO's testimony in March 1994 stated, "CTR's that report normal business transactions are of no value to law enforcement and regulatory agencies in detecting money laundering activity." Expectations at the time anticipated that a revised exemption process would result in a reduction of CTR filings in the range of 90%. Unfortunately, we should all be disturbed that time has witnessed the number of CTRs overall grow from slightly more than 11 million in 1994, when the two-phase exemption process was passed, to the latest estimate of over 13 million annually, with no signs of abating.

Using FinCEN's conservative estimate of around 25 minutes per report for filing and record-keeping, the banking industry as a whole devoted around 5½ million staff hours of work to handling CTRs in 2005. Our review of ABA members indicates that three-quarters of the filings were for business customers who had been with the bank for over a year. That means that the industry spent around four million staff hours last year filing notices on well-established customers! A similar story can surely be told by the government agencies that receive and process these reports.

In my bank, during the past year, we filed 2,766 CTRs, and we do not have any public companies as customers. In fact, most of these CTRs were filed for ordinary transactions by an ice cream parlor, a clam bar, a restaurant and a high-volume Amoco dealer, all of whom have done business with us for many, many years. My tellers spent more than 460 hours in the branches preparing the CTR forms, and one person in our main office spent more than 1,000 hours checking the forms for accuracy, checking them against computer printouts, and filing the forms with the appropriate government office. Having watched this process for years, and being thoroughly familiar with the businesses that are the subject of these filings, I can tell you with firm assurance that all of this time and paper did absolutely nothing to advance our collective efforts to thwart money laundering and terrorism.

This trend is only likely to accelerate and demand more and more staff to report on more and more harmless transactions, further burying the real needles of money laundering under an exponentially growing mound of the hay of legitimate business transactions mindlessly recorded at great expense and increasing opportunity cost. Surely neither business nor the government can afford this wasted effort.

We have passed the time of studying what to do—GAO did that in 1994 and concluded then, as we all would now, that unnecessary reporting is taking place. It is about time to take effective action to make the system

better. We must find a way to realize the policy objective of focusing on reporting with "a high degree of usefulness," and to successfully exempt reports on the financial transactions of law-abiding American businesses.

THE CURRENT EXEMPTION PROCESS IS IRRETRIEVABLY Mired IN RED TAPE

ABA worked cooperatively with FinCEN and the federal banking regulators to encourage institutions to make better use of statutory exemptions when they were changed in the late 1990's. Our Association did extensive outreach to our members, and while some institutions adjusted their CTR filing policies and utilized the two-tier exemption process, the general response was lukewarm at best.

Unfortunately, the compliance technicalities for, and examiner second-guessing of, banker use of the exemption and the renewal processes have discouraged many institutions from utilizing the discretionary exemptions. The current Phase II exemptions make distinctions among types of cash intensive businesses or exemptible accounts and require statutorily mandated annual reviews plus resubmission obligations. These specifications generate difficulties in determining whether a customer is eligible for exemption, produce fear of regulatory retribution for misapplying criteria and incur costly additional due diligence. ABA has even received reports from members that examiners have threatened penalties and other formal criticisms for simple late filing of biennial renewal forms, a regulatory climate that shouts, "Warning" more than it does "Welcome." There should be little wonder then that banks are reluctant to try swimming in these waters.

We have heard it suggested that bankers do not use the exemption process because they have computerized systems that make filing CTRs a snap. I am here to tell you that the snap you hear is the floor boards in my file room straining under the load of my required five years worth of retained CTRs and related BSA compliance records. First, let me note for the record that not all banks can afford computerized CTR filing systems. Second, adopting technological efficiency in the cause of compliance may have value as a cost control effort, but it is no virtue when it only expedites filing useless data about legitimate business activity. Indeed, the suggestion to automate demonstrates a recognition that the vast majority of these reports are repetitive and routine and therefore likely to be of small value in combating money laundering.

A reporting regime that presents us with the choice of suffering the gauntlet of exemption qualification paperwork and concomitant auditor or examiner second-guessing or instead filing numerous useless CTRs, is not sound public policy. That is why tinkering with the current exemption process will not make an appreciable dent in the overwhelming number of CTRs filed each year. As FinCEN conceded in its Report to Congress in October 2002, recommendations for improving the exemption process regulatorily are at best incremental. Instead, we must start anew an updated Congressional mandate that clears away the convoluted structure of the present exemption process and substitutes a direct and simplified standard.

NEWER TOOLS ALLOW US TO ELIMINATE CTR FILINGS FOR SEASONED CUSTOMERS

The current cash transaction reporting program has been rendered virtually obsolete by several developments: enhanced customer identification programs, more robust suspicious activity reporting, and the use of the more focused and intensive 314(a) inquiry/reporting process.

In light of these developments, to continue to require CTR filings for business customers whose identity has been verified under a bank's Customer Identification Program (CIP) and tested under a period of experience with the bank and that remain subject to risk-based suspicious activity reporting is an inefficient use of limited resources by bankers and law enforcement. In the field, it diverts scarce examiner resources, focusing on compliance with technical reporting standards rather than carefully evaluating bank programs for detecting transactions that possess a likelihood of involving money laundering and terrorist financing.

EXEMPT SEASONED CUSTOMERS FROM CTRs

Accordingly, we support H.R. 5341, embodying the recognition that the best way to improve the utility of cash transaction reporting is to eliminate the valueless reports being filed on legitimate transactions by law-abiding American businessmen and businesswomen. This improvement can be achieved by establishing a seasoned customer exemption for business entities, including sole proprietorships, as endorsed by FinCEN last year in testimony before Congress and now embodied in H.R. 5341. (ABA proposed a similar concept in its response of May 4, 2005 to the banking agencies' request for comment for burden reduction suggestions under the Economic Growth and Regulatory Paperwork Reduction Act.)

The exemption, as proposed in the bill and supported by ABA, is comprised of three elements: Existence as an authorized business, maintenance of a deposit account at a depository institution for 12 months, and use of the account to engage in multiple reportable currency transactions. The simplicity of this standard avoids the unnecessary compliance barbs that have previously snagged past efforts to make effective use of prior exemption systems. This straightforward definition is essential for the exemption to work and to reduce filing reports on routine business activity.

It is important to remember that cash transaction data will not be lost, but rather will continue to reside in the bank account records. It will, therefore, be available to law enforcement whenever sought in connection with a targeted inquiry from government enforcement entities. In particular, by using the USA PATRIOT Act 314(a) inquiry process, law enforcement will be able to locate transaction data and other relevant information on a broad range of accounts of suspects. That more targeted approach is working and producing tangible results today.

As FinCEN reported on April 25, the 314(a) process has been used by fifteen federal agencies from November 2002 to April 2006 covering over 500 significant money laundering or terrorist financing cases identifying more than 4,000 subjects of interest. The 314(a) process has yielded the identification of 1,932 new accounts, leading to 1196 Grand Jury Subpoenas, producing 90 indictments, 79 arrests and 10 convictions. Although the process has been in place less than four years and many money laundering or terrorist financing cases take several years to develop before they are actually prosecuted, the indictments, arrests and convictions are impressive. To put it mildly, there are no comparable measures of success for cases initiated through CTRs.

It has been suggested that the 314(a) process is flawed because it "can only be used on the most significant terrorism and money laundering investigations." However, ABA believes that requirement is one of its great strengths because it better matches the benefit of the information collected with the burden imposed on the banks. At least now when banks are called on every two weeks

under 314(a) to search for and report all accounts maintained by a subject of interest, they are doing so for an investigation that is considered a significant terrorism or money laundering matter—not a fishing expedition.

As H.R. 5341 makes clear, all seasoned business customers would continue to be subject to suspicious activity monitoring and reporting. SARs provide precise account and related transaction information as well as extensive narrative detail not available in CTRs. This reporting enables law enforcement to focus resources on conduct or activities where there is a greater likelihood of genuine risk and where investigative resources can be used more productively. In addition, the SAR procedures permit law enforcement to obtain the bank's entire supporting investigative file upon request, without needing a subpoena.

As FinCEN reported in 2002, SARs have replaced CTRs as the primary tool for identifying suspicious activity. CTRs are now used to locate financial activity of already identified subjects of interest—the same purpose for which 314(a) inquiries are made. Although there have been examples cited by law enforcement of the continued use of CTRs, they do not specifically rebut the wisdom of a seasoned customer exemption. Talk about "connecting the dots" amounts to nothing more than anecdotal illustrations of how spotty the utility of CTRs on American businesses has become. They do not demonstrate that CTRs on seasoned customers meet the statutory requirement of "a high degree of usefulness."

After all, CTRs on non-seasoned entities would still be filed, reporting the movement of cash that does not go through an established business account relationship. In addition, law enforcement will have all the identifying information in the seasoned customer designation wherever and whenever that business has seasoned status. In other words, law enforcement will continue to have access to information on where subjects of interest are conducting their financial affairs.

As former FinCEN Director William Fox stated in a September 2005 testimony on the seasoned customer proposal before this Subcommittee, "We believe this language addresses many of the issues with our current exemption regime that were causing it not to have its intended effect. Due to its complexity and the burden involved in exempting customers, financial institutions were not taking advantage of the exemption regime. This proposal seeks to streamline the exemption process by focusing on a one-time notice to [FinCEN] of an exemption and focusing on the customer's relationship with the bank as the grounds for such exemption. We believe that these changes will make the exemptions more effective while still ensuring that currency transaction reporting information critical to identifying criminal financial activity is made available to law enforcement." ABA joins in those sentiments and strongly supports the Seasoned Customer CTR Exemption Act, H.R. 5341 that seeks to follow through on former Director Fox's endorsement.

CONCLUSION

Eliminating CTR filings for seasoned customers would have the following benefits:

The vast majority of the over 13 million CTRs filed annually would stop, saving the time, money, and labor expended by businesses to fill out forms, and consumed by law enforcement to process them.

There would be an improvement in the quality of SARs, eliminating those that are filed today in connection with innocent, idiosyncratic deposit activity. Banks would be able to focus their energies on detecting genuinely suspicious currency transactions, regardless of artificial thresholds.

We would make an enormous stride forward in focusing our anti-money laundering efforts—by both law enforcement and the banking industry—on the real crooks and terrorists with far greater likelihood of detecting and stopping their activities.

I thank the Chairman and his colleagues for their commitment to improving the BSA system and assure you that ABA and its members share that commitment. We are all striving to make the system work best, to protect the security of our banking system from abuse by money launderers and terrorists, and to safeguard the confidence that our customers have that the integrity of their legitimate business conduct is respected.

Mr. HENSARLING. Quoting from his testimony, Mr. Speaker, "In my bank during the past year, we filed 2,766 cash transaction reports, and we do not have any public companies as customers. In fact, most of these CTRs were filed for ordinary transactions by an ice cream parlor, a clam bar, a restaurant and a high-volume Amoco dealer, all of whom have done business with us for many, many years. My tellers spent more than 460 hours in the branches preparing the CTR forms, and one person in our main office spent more than 1,000 hours checking the forms for accuracy, checking them against computer printouts, and filing the forms with the appropriate government office. Having watched this process for years, and being thoroughly familiar with the businesses that are the subject of these filings, I can tell you with firm assurance that all of this time and paper did absolutely nothing to advance our collective efforts to thwart money laundering and terrorism."

That is just one small community banker in America. We know they are spread throughout the Nation. In fact, it was over a decade ago, Mr. Speaker, that the GAO concluded that unnecessary reporting was taking place. I am sorry to say that, 10 years later, it still is taking place.

So many of these banks are filing these cash transaction reports defensively, and yet we know that we still have the know-your-customer regime that is in place. The suspicious activity reports are still in place, and these are better enforcement tools for law enforcement than the CTRs.

In addition, by passing this particular piece of legislation, the information doesn't disappear. It is still available for law enforcement. The cash transaction data will continue to reside in bank account records and be available to law enforcement when they need it, when they are following up a lead. We have heard from law enforcement itself that, in many cases, what we see is that they are searching for a needle in a haystack. The excessive CTR reports are putting more hay on the haystack.

As former FinCEN Director William Fox stated, quote, we believe this language, really talking about the legislation at hand, addresses many of the issues with our current exemption regime that were causing it not to have its intended effect.

In many respects, Mr. Speaker, I think we are going to be able, by passing this legislation, to really help in two different areas. Number one, make sure law enforcement has the right amount of information in the proper form that they need to do their job, but, at the same time, to make sure that we don't drive any more of our community banks out of business, the lifeblood, at least in my district, of our rural communities that are out there creating the jobs necessary to sustain those rural communities.

So the House has really spoken on this matter once before in a very resounding fashion, in a very resounding bipartisan fashion. I certainly want to thank Ranking Member FRANK for his leadership in this area as well.

But we need a rule of reason. It is a question of balance. Particularly when we have our know-your-customer routine, when the suspicious activity report requirements are still in place, the CTR process as presently envisioned is not working, and that is why it is so necessary that we pass the legislation brought to us by the chairman and the gentleman from Alabama; and I commend him for his work.

Mrs. MALONEY. Mr. Speaker, there are no further speakers on our side of the aisle, and I yield back the balance of my time.

Mr. BACHUS. Mr. Speaker, in conclusion, I simply want to say to the Members who may be listening to this discussion, what we are talking about here is a restaurant, a movie theater, a corner drugstore, a retail establishment. These are businesses that have been in the community for years and years. As a matter of course, every week, sometimes every day, they file large sums of cash.

The very idea that we would impose, as we did in the Bank Safety Act, a requirement that the banks, every time this happens, file a report. As FinCEN estimated last year, it takes 25 minutes to prepare these reports, to review them, to catalog them and to file them. Then it takes the FBI or others, IRS, who administers this program, 5 to 6 minutes. So you are talking about, for the average small bank in a medium-sized town, as Mr. HENSARLING said, you are talking about hundreds of hours of wages, not to speak of the time.

As we have been hearing for 10 or 12 years, these reports have absolutely no usefulness in identifying money laundering, serious financial crimes, terrorist financing. It is past time that this Congress lifts what is a multi-million dollar burden on our financial institutions and, at the same time, allows law enforcement, directs law enforcement, in fact, to go after the bad guys. Focus attention on those nonroutine, nonstandard transactions.

Remember, the banks still must require, any time something is out of the ordinary to the routine, causes any type of questions, they actually have rules and regulations where they are

required, in those cases, even if it is an established customer, if it is an out-of-the-ordinary transaction or raises suspicion, they have to file a report. That is the purpose of this legislation, to streamline that process.

Mr. Speaker, in closing, for the record, I would like to introduce the September 2005 testimony of William J. Fox, Director of the Financial Crimes Enforcement Network at the United States Department of Treasury.

STATEMENT OF WILLIAM J. FOX, DIRECTOR, FINANCIAL CRIMES ENFORCEMENT NETWORK, UNITED STATES DEPARTMENT OF THE TREASURY

Chairman Bachus, Ranking Member Sanders and distinguished members of the Subcommittee, I appreciate the opportunity to appear before you today to discuss your efforts to balance the burdens imposed on the financial industry by the requirements of the Bank Secrecy Act of 1970, specifically, providing the government with highly relevant information that assists law enforcement in making our financial system more transparent and our country safer. I am the Director of the Financial Crimes Enforcement Network, which has been delegated the responsibility by the Secretary of the Treasury to administer the Bank Secrecy Act. The Financial Crimes Enforcement Network is part of Treasury's new Office of Terrorism and Financial Intelligence, led by Under Secretary Stuart Levey. The creation of this office has greatly enhanced Treasury's efforts and accomplishments on issues relating to money laundering, terrorist financing and other financial crime.

As the administrator of the Bank Secrecy Act, we bear responsibility for ensuring that the Bank Secrecy Act is implemented in a way that achieves the policy aim intended by the Congress, which is, simply stated, to safeguard the United States financial system from the abuses of financial crime, including money laundering and terrorist or other illicit financing. This is a day-to-day challenge in a financial system where we generally promote the unfettered, free-flow of commerce and where criminals strive to manipulate the system with the same ingenuity and sophistication of the very best in the industry.

Ensuring that we strike the right balance between the cost and benefit of this regulatory regime is, in my view, a central responsibility for my agency. While I do not believe this cost/benefit analysis can be reduced to a mathematical formula, I believe we must constantly study how we can more effectively tailor this regime to minimize the costs and other burdens imposed on our financial institutions while at the same time ensuring that the law enforcement community receives the information it needs to combat financial crime and terrorism.

This effort is particularly important because I am more certain than ever that compliance with the Bank Secrecy Act's regulatory regime is a critical component to our country's ability to utilize financial information to combat terrorism, terrorist financing, money laundering, and other serious financial crime. Moreover, the systems and programs that are mandated by the Bank Secrecy Act make our financial system safer and more transparent.

Over the past year I have traveled quite a bit around the country listening to the frustrations members of the financial industry have with the Bank Secrecy Act. Many of those frustrations relate to how the Act is being implemented. Many in the financial industry complained about the lack of clarity in requirements and consistency in examination. At the same time, the Congress has

questioned the effectiveness of our collective ability to implement this regime in light of several highly publicized and significant regulatory failures by certain financial institutions. Mr. Chairman, I am pleased to report that by working diligently with my colleagues at this table, we have made significant progress on these issues. In the past year:

We have signed groundbreaking information-sharing agreements with the five Federal Banking Agencies, the Internal Revenue Service and thirty-three (33) state authorities. We are working to finalize similar agreements with the Securities and Exchange Commission and the Commodities Futures Trading Commission.

We have assisted the Federal Banking Agencies with the development of a comprehensive Bank Secrecy Act examination manual that we believe will ensure greater consistency in examinations for depository institutions, and will provide a significant source of guidance and help for those institutions.

We are together issuing more and better guidance to ensure greater clarity and consistency of regulatory policy. A good example of this is the recent guidance we issued jointly with the Federal Banking Agencies on the provision of banking services to money services businesses.

We have created and staffed an Office of Compliance within our Regulatory Division to ensure better clarity and consistency in how the Bank Secrecy Act is implemented and provide us with an assessment of the overall success of our Bank Secrecy Act Regulatory Program.

We are—for the first time—devoting nearly 25 percent of our analytic muscle to regulatory issues and programs. These analysts are not only identifying compliance problems and targeting problematic institutions for examination, they will also develop and provide information to the financial industry to help them better understand and assess the risks posed by their business lines and customer base.

We believe these steps and the steps we have planned have helped improve the overall implementation and effectiveness of the Bank Secrecy Act. Ensuring that we present the financial industry with regulatory requirements that are both clear and consistent is, in my view, one of the best ways we can reduce the burden associated with Bank Secrecy Act compliance.

Consistency is a crucial element of the effective implementation of the Bank Secrecy Act, and, indeed, is one of our core objectives. While we, of course, stand ready to assist the Committee and this Congress by examining any aspect of the Bank Secrecy Act, I would emphasize that over the past year, the level of cooperation between my agency and the Federal Banking Agencies has grown significantly. As reflected in the steps we have taken together, we all recognize the need for a consistent voice on these important regulatory issues, and are building the necessary coordination mechanisms.

The focus of my testimony before the subcommittee today is on H.R. 3505, specifically, how that bill would affect the Bank Secrecy Act. I would like to focus on one key concept in this legislation; your effort to reduce the burden imposed on the financial industry of filing Currency Transaction Reports. We have been grappling with the issue of how to improve the Currency Transaction Report regime for some time. We know that Currency Transaction Reports are valuable to law enforcement. These reports—often coupled with other information—are used every day to identify and locate criminals and terrorists. However, we also know that some of the Currency Transaction Reports filed by fi-

ancial institutions are of little relevance in the investigation of financial crime. We also know that depository institutions, especially our community banks, identify the time and expense of filing Currency Transaction Reports as the number one regulatory expense. Indeed, the Congress has in the past recognized the need to reduce the number of Currency Transaction Reports that may not have a high degree of usefulness to law enforcement, ordering us to find a way to do so. However, it is clear that our efforts to encourage the exemption of routine filings on certain customers have not brought about the reductions in filing that were sought.

Two years ago we turned to the Bank Secrecy Act Advisory Group, bringing in the viewpoints of the industry, law enforcement, and regulatory communities, to address this question. Through this process, we learned that our colleagues in law enforcement have made significant strides recently in their ability to utilize currency transaction reporting data, marrying this data with other law enforcement data to maximize its benefit. We also have enhanced our analytic capability to exploit this data source on both micro and macro levels. Such innovations enhance the utility of our analysis, and it is essential that we not reduce the flow of critical information just as the technical firepower to exploit this information is reaching new heights.

This Committee now is considering language that would amend current exemptions by allowing banks to qualify certain customers as exempt from routine currency transaction reporting. We believe this language addresses many of the issues with our current exemption regime that were causing it not to have its intended effect. Due to its complexity and the burden involved in exempting customers, financial institutions were not taking advantage of the exemption regime. This proposal seeks to streamline the exemption process by focusing on a one-time notice to my agency of an exemption and focusing on the customer's relationship with the bank as the grounds for such exemption. We believe that these changes will make the exemptions more effective while still ensuring that currency transaction reporting information critical to identifying criminal financial activity is made available to law enforcement.

However, we also recognize that we need to monitor these changes to ensure that they do not result in a reduction in information that would be highly useful to our law enforcement clients, and accordingly the proposal contains a wise requirement to conduct a study after some time has elapsed to ensure that we are striking the proper balance.

In conclusion, Mr. Chairman, I hope that my testimony today conveys the sense of commitment, energy, and balance with which all of us at the Financial Crimes Enforcement Network are addressing the challenging issues that confront our administration of the Bank Secrecy Act. The importance of your personal and direct support of these efforts cannot be overstated. Your oversight will ensure that we meet the challenges that we are facing. I know how critical it is that we do so, and we hope you know how committed we are to meeting those challenges. Thank you.

Mr. BACHUS. Mr. Speaker, I yield back the balance of my time and urge all Members to vote in favor of this legislation.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Alabama (Mr. BACHUS) that the House suspend the rules and pass the bill, H.R. 5341, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

RECOGNIZING NATIONAL HOMEOWNERSHIP MONTH

Mr. NEY. Mr. Speaker, I move to suspend the rules and agree to the resolution (H. Res. 854) recognizing National Homeownership Month and the importance of homeownership in the United States.

The Clerk read as follows:

H. RES. 854

Whereas the President of the United States has issued a proclamation designating the month of June 2006 as National Homeownership Month;

Whereas the national homeownership rate in the United States has reached a record high of almost 70 percent and more than half of all minority families are homeowners;

Whereas the people of the United States are one of the best-housed populations in the world;

Whereas owning a home is a fundamental part of the American dream and is the largest personal investment many families will ever make;

Whereas homeownership provides economic security for homeowners by aiding them in building wealth over time and strengthens communities through a greater stake among homeowners in local schools, civic organizations, and churches;

Whereas creating affordable homeownership opportunities requires the commitment and cooperation of the private, public, and nonprofit sectors, including the Federal Government and State and local governments; and

Whereas the current laws of the United States, such as the American Dream Downpayment Act, encourage homeownership and should continue to do so in the future: Now, therefore, be it

Resolved, That the House of Representatives—

(1) fully supports the goals and ideals of National Homeownership Month; and

(2) recognizes the importance of homeownership in building strong communities and families.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Ohio (Mr. NEY) and the gentlewoman from California (Ms. WATERS) each will control 20 minutes.

The Chair recognizes the gentleman from Ohio.

Mr. NEY. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, it is a pleasure to be here today on the floor with our ranking member, the gentlewoman from California, Congresswoman MAXINE WATERS.

I rise today in support of House Resolution 854, which recognizes National Homeownership Month and the importance of homeownership in the United States. This resolution is offered by my colleague and friend from California, Congressman GARY MILLER, who has really undertaken a robust job in working the housing issues and sponsoring different forums for discussions on