

before, further delays and equivocates on what must be done now. What must be done is simple, straightforward disclosure of the most basic loan terms—rate, payment, new rate, new payment, penalties, and guarantees.

These are basic consumer protections which I expect will help prevent a future home loan crisis and trapping of a large number of American families who are caught in this situation now. I urge my colleagues to adopt them and to support the Bond amendment when it is brought up.

Mr. President, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from North Dakota.

### HOUSING CRISIS

Mr. DORGAN. Mr. President, I know the subject is housing. We will have a fair amount of discussion about the legislation on the floor of the Senate today, tomorrow, and later this week when we begin voting on it. I wish to start by talking about what got us into this mess because it seems to me, if what we are doing at the moment is trying to evaluate what we do with the difficulties that exist and the difficulties that confront us and do not deal with the underlying cause, we will have missed something very important.

The other day, I came to the floor and talked about what was happening in the mortgage industry. What was happening, of course, was an unbelievable amount of greed, unbelievable speculation, and the result is this occurrence of subprime loans proliferated across the country, and then it collapsed. We have investment banks that are about to go broke. We have the Federal Reserve Board coming in with a safety net, saying: We will have the taxpayers bail out the investment banks. All of this going on while the Federal Reserve Board, which did its best imitation of a potted plant on these issues, began reducing interest rates and then antes up \$30 billion so the American taxpayers could inherit the risk so JPMorgan could buy Bear Stearns. All of this has occurred in recent months.

What started it? A lot of things started it. Let me give some examples.

This is from an advertisement on radio and television. It is from Zoom Credit. I don't know Zoom Credit company. But here is what they said when they advertised their services to unsuspecting buyers. They said:

Credit approval is just seconds away. Get on the fast track at Zoom Credit. At the speed of light, Zoom Credit will preapprove you. Even if your credit's in the tanks. Zoom Credit's like money in the bank. Zoom Credit specializes in credit repair and debt consolidation. Bankruptcy, slow credit, no credit—who cares?

That is what they were advertising: Let us give you a loan. You have been bankrupt, you can't make your payments, come to Zoom Credit. Does it sound like a business model that makes sense to anybody? Not to me.

Millennia Mortgage. I don't know this company. Here is what they were advertising:

Twelve months, no mortgage payment. That's right. We will give you the money to make your first 12 payments if you call in the next 7 days. We pay it for you. Our loan program may reduce your current monthly payment by as much as 50 percent and allow you no payments for the first 12 months.

They say: Come and get your home loan from us. You won't have to make a payment for 12 months. We will make it for you. What it doesn't say is it goes on the back of the loan and increases the price of that house.

Countrywide was the biggest mortgage company in America, and now it has been acquired by Bank of America. Here is what Countrywide said:

Do you have less than perfect credit? Do you have late mortgage payments? Have you been denied by other lenders? Call us. . . .

Are you a bad credit risk? Call us, we are going to lend you some money. That is unbelievable to me.

So you ask, how did we get into this mess? Let me continue.

Lowest fixed rate loan in America, they are advertising on this one. One-quarter of 1 percent; that is a twenty-five-hundredths of 1 percent interest rate. A \$200,000 home loan, a monthly payment of \$41.66. You want to borrow half a million dollars; pay \$146.16 a month?

Is that a business plan from a mortgage company? It doesn't look to me like it is. This, by the way, came off the Internet today. The reason I am mentioning it is, nothing has changed. They are still doing it.

This says First Premier Mortgage. One hundred percent loans you get, conforming loans. We will offer conforming loans. Perfect credit, by the way, isn't required. So on the Internet you can go to First Premier Mortgage. Perfect credit isn't required. If you have less than perfect credit, we have loans that will allow you to qualify for a competitive interest rate. You can consolidate everything.

So don't worry, perfect credit is not required to borrow from this company.

This is Florida Mortgage Corporation. This is Monday, April 7, 2008. That is today. Go to the Internet today. Here is what they tell you. Each month you will receive a loan statement. We have a 30-year fixed mortgage that is available to you—30-year fixed mortgage. By the way, no income verification.

What does that mean? It says: Come to us, borrow some money, we will give you a 30-year fixed mortgage. You can pay up to 2.75 percent interest rate and, by the way, no income verification. We will not have to verify your income to give you a big old fat home mortgage. Isn't that unbelievable? Not credit score driven.

This is on the Internet today. Nothing is changing. This one is on the Internet today as well: OptionArmConsultants.com. They make this sound like this is a terrific

loan. You can lower your mortgage payment by 50 percent or more per month. You can control up to two or three times as much real estate as other fixed mortgages. It is saying: Hey, come over here, get a mortgage from us, that way you can speculate, own more real estate.

None of these have indicated to the borrower what the terms really are. These are all seductive approaches that say: Come and get a mortgage from us. You don't need good credit. You can have bad credit. You can be bankrupt. Come and borrow money from us.

What they do not say is they are going to throw all those extra charges on the back of the mortgage. They do not tell them when it resets later they will not be able to pay the mortgage payment.

So that is what has happened. I have heard the largest reset of mortgages is going to occur in the fourth quarter of this year. But what has happened is, millions of families took out these mortgages. Were they wrong? Yes, they were wrong. But was the advertising for this deceptive? I believe it was. So millions of families took out a mortgage without understanding the consequences.

They said: Come and get a mortgage from us. Twenty-five-hundredths of 1 percent interest rate, we will pay the payments for the first 12 months—not describing to them, of course, what the reset is going to be on interest rates 3 years from now or 2 years from now.

So what happens? Well, what happens is they stick these mortgages in what they call subprimes. And, by the way, one-half of the folks who were put into a subprime would have qualified for a regular mortgage. Why did they get put into subprime? Because it was much more profitable for the big investment banks and mortgage banks. So they stack all these subprime loans together with other loans, sort of like they used to make sausage. It is like packing sawdust and sausage, like they used to in the old days. They would put sawdust in sausage, slice it and dice it and ship it out. So they sell these loans to hedge funds and investment banks and everybody is fat and happy like hogs in a corn crib. Everybody is making lots of money, especially the big shots, until all of a sudden they understand that in these little pieces of sausage they bought, they didn't understand what was there. There were subprime mortgages there that could never, ever be repaid, and the whole thing started collapsing.

It collapsed to the point of Bear Stearns losing tens of billions of dollars of value in 2 weeks. But not to worry. This is a no-fault economy, at least no-fault capitalism for the folks at the top. So the Fed comes in and says: JPMorgan, you buy Bear Stearns, and we will put up \$30 billion at risk for the American taxpayer.

I want to ask this question of the Federal Reserve Board and the Treasury Secretary. If these companies are

too big to fail—and that was the proposition with respect to the bailout of Bear Stearns—if investment banks are too big to fail, then why are they too small to be regulated? If we are going to designate companies as being too big to fail, is there not some responsibility, some obligation on behalf of the American taxpayer to have effective regulation?

I know regulation is a four-letter word for some, but the fact is, somebody should have been looking over the shoulder of these mortgage companies. Somebody should have been looking over the shoulder of the investment banks and, yes, the hedge funds, all unregulated largely, and as a result, the tent comes collapsing down.

And guess what. The American taxpayer is told: You pay the cost. You bear the burden. Even while they are told that, it still goes on today. Go to the Internet and see the deceptive advertising on the Internet for the same kind of loans.

So we have a housing bill on the floor of the Senate. What I wanted to do is to describe how we got here. If we don't do something about that, if we just sit around here like potted plants and say, well, it is OK, it is OK for us to decide that there are institutions that are too big to fail, including investment banks, so we can let them go broke. They are too big to fail because the consequences for the American economy would be catastrophic. If these institutions are too big to fail, then we have a reasonable expectation that there be effective regulation. And I am going to offer at least one amendment that deals with that subject, and that amendment will deal with the Federal Trade Commission.

The fact is, the Federal Trade Commission does not have the ability at this point, in any meaningful way, to go after this kind of deceptive advertising on mortgages. Those who took these mortgages, in some cases, if they took them in order to flip the property and speculate, it is their fault. But I would say in many, and most cases, these are folks who didn't know what the terms were. These were cold calls via a telephone call into the home to say: What is your mortgage payment? We have a better deal for you—without disclosing all of the terms. Those homeowners are victims, and many are now losing their homes.

My amendment will give the authority to the Federal Trade Commission to do a rulemaking under the Administrative Practices Act so they can develop rules about deceptive advertising and take effective and immediate action against those who are engaged in this practice. That is just something that must be done.

If we just come to the floor of the Senate and pass what is called a housing bill and ignore the other pieces of this puzzle, we will have made a mistake. We need to give the Federal Trade Commission the ability and the opportunity to go after the companies

that were engaged in deceptive practices—predatory lending. We have to do that.

Now, Mr. President, I want to mention, as well, that my understanding is another amendment has been filed and is pending on the floor of the Senate to this bill dealing with the extension of renewable energy credits, including the production tax credit and the solar investment tax credit. I just wanted to say this: The amendment that is pending apparently, is a 1-year extension of the production tax credit to incentivize wind and other renewable energy resources.

Let me tell you what we did with oil and gas. In 1916, this country put in place robust, aggressive, permanent long-term tax incentives for people to go look for oil and gas. Well, look what it did. We have produced a lot of oil and gas. Guess what we have done for renewables—wind, solar, and others? In 1992, we had a tax credit for wind—the production tax credit. We had a solar investment tax credit for commercial purposes going back to 1985 but the residential credit was enacted in 2005. These have been short-term incentives though, not a particularly aggressive credits and short term.

Since 1992, for a country that is desperate to be less dependent on foreign sources of energy, we have extended it short term five times. We have let the production tax credit expire three times, and every time it expires, investment simply dries up. This is certainly the case for wind energy. This is stutter, start, stop. It doesn't make any sense at all.

Look, I will vote for anything that extends the production tax credit and renewable energy tax credits for a year or 2 years. I will vote for it, but the 1-year amendment look, but that is not what we should be doing.

I have introduced a bill that, as a country, will say to the renewable energy industry: Here is where we are headed; count on it, invest on it. For the next 10 years, here is what we intend to incentivize.

Why do we just stutter, step around with a baby step in one direction, saying start, stop, start, stop, go this way, with a 1-year extension of the production tax credit? Well, that will help for 1 year, but that is not what we ought to be doing. Further, it will do nothing for solar, by the way. We are way behind on solar energy because the solar projects take longer to develop—3 to 5 years. If you have this on-off switch that you turn off every year or two, all you have done is dampen and injure the opportunity to make renewable energy a significant part of this country's energy life.

So my hope is those who have announced the extension, and I want to work with them, but I am just saying I think what we have done since 1992 is a pathetic, anemic response for a country that keeps saying it believes in renewable energy because we never do enough to manifest that in public pol-

icy. If we are going to have an amendment, let's boost that amendment, and let's decide to make this a real incentive. We did it permanently nearly a century ago for oil and gas, and now in the last three decades for renewable, we have turned it on five times short term and off three times. What kind of a signal is that? It is not a signal at all.

Mr. President, on one other subject, I want to say a word about something I discussed last week. And I want to show you the photograph of a 22-year-old young man. His name is Efraim Diveroli. He is the president of a firm that was awarded \$300 million in taxpayer contracts to provide ammunition to the Afghan army and police in Afghanistan.

Three hundred million dollars was given to that company. It turns out the company is run by a 22-year-old man named Efraim Diveroli. And, by the way, his vice president was a massage therapist named David Packouz, a former masseur. Between the two of them, they got \$300 million in taxpayer contracts.

I will tell you who gave it to them. The Army Sustainment Command did. I want the general who was in charge of the Army Sustainment Command when this contract was awarded to come to the Congress and explain how you give \$300 million in contracts to what had been a shell company, now run by a 22-year-old and a 25-year-old massage therapist.

This is a photo of the building in Florida that supposedly housed this company that received \$300 million—\$300 million.

The office is just an office inside this building, no markings on the door. The 22-year-old president says he is the only employee, but they got \$300 million.

Here is a sample of what showed up for that \$300 million. They sent ammunition to the Afghan fighters, and it turns out in some cases to have been mid-1960s ammunition made in China. Almost worthless. But we paid them \$300 million.

Now, I mention this again, as I have so often, because three times I have offered on the floor of the Senate an amendment, and I will again, that would establish a Truman committee to investigate waste, fraud, and abuse in this kind of contracting. We have shoveled more money out the door. We have sent pallets of one-hundred-dollar bills on C-130s—billions in cash—to Iraq. We have such unbelievable waste and fraud and abuse, I think the greatest in American history, and yet there is nothing that represents the kind of oversight that Americans should expect of us. Three times I have offered the establishment of a Truman committee. Let me describe what the Truman committee was. Senator Truman from Missouri on the floor of the Senate proposed a bipartisan special committee to investigate waste, fraud, and abuse in the Pentagon, and it passed.

They did 60 hearings a year for 7 years. They were started with \$15,000 appropriations, and they saved \$15 billion for the American taxpayer. If ever we need that kind of a committee, it is now.

Three times I have offered that on the floor of the Senate—three times. Every vote on the Democratic side of the aisle has been to say, yes, we need it. Every vote save one on the Republican side of the aisle objected and opposed and we have not been able to get this done.

I used this example because it was on the front page of the New York Times just last week, about a company that gets \$300 million that appears now to have been largely wasted—American taxpayers' dollars once again just poured down a rat hole. I use this example to say we ought to be embarrassed to not have the kind of oversight we should.

I am proud to say everyone on this side of the aisle has voted three times to establish a special bipartisan committee called the Truman committee. We know this works. We have done it before.

I have held up on the floor so many examples. A little white towel that Halliburton was ordering for the troops because they have the LOGCAP contract to supply these things, a little white towel their buyer, Henry Bunting, was ordered to buy for the troops. So he orders the white towel and the supervisor says: You can't do that. You need to order a white towel with KBR, the subsidiary, Kellogg Brown & Root, embroidered on the towel.

Henry says: Well, that will triple or quadruple the cost.

The supervisor says: That doesn't matter. This is a cost-plus contract. The taxpayer will pay for that.

That is a small example, and there are so many large examples. Whistleblowers have told us \$85,000 brandnew trucks were left beside the road in perfectly safe areas, to be torched because they didn't have a wrench to fix the tire. The attitude was, it doesn't matter; the American taxpayer bought those trucks, and they will buy the replacement trucks on a cost-plus contract. It is unbelievable.

A woman named Bunnatine Greenhouse came to testify before the policy committee which I chair. I have held almost all the hearings which have been held on these issues. The policy committee doesn't have the subpoena power, but you would be surprised how many whistleblowers want to talk about what is happening.

Bunnatine Greenhouse became the highest ranking civilian official in the Corps of Engineers, judged to be outstanding by all accords. She said the awarding of these contracts in the Pentagon for reconstruction—the LOGCAP contract, RIO contract, all of these contracts—is the most blatant contracting abuse she has seen in her career. For that, this courageous woman was demoted. She paid for it with her job, but she would not be silenced. Now

her career is behind a curtain over in the Pentagon. No one will comment.

The American people should not stand for this. We should not stand for it. I intend again to offer the amendment that would establish a bipartisan committee to aggressively investigate waste, fraud, and abuse in contracting in Iraq; waste, fraud, and abuse in all of the other adjunct areas because I believe the American taxpayer is getting fleeced, and I believe American soldiers are being disserved by what is happening.

I can speak for hours about this subject because I have had somewhere around 15 or 17 hearings on this subject. I have had whistleblowers come to tell me they were at a camp that was serving food to 5,000 soldiers a day under the contract, but they were billing for 10,000 soldiers.

I have seen the reports that Halliburton was billing for 42,000 meals a day, and they were serving 14,000. They were overbilling by 28,000 meals. It is just unbelievable when you see the evidence of waste, fraud, and abuse and so little interest in pursuing it.

There is much more to say about this. I did want to say that the story in the New York Times yesterday ought to once again be a wake-up call. There is a commission that has been established, which is outside of this body. The Senator from Virginia, Mr. WEBB, and Senator MCCASKILL and others have worked hard to establish the commission. I think that is a step forward—evaluating and looking at waste, fraud, and abuse. But that is not, in my judgment, a substitute for—it certainly is a complement to but not a substitute for the Congress having a select committee with subpoena power. Without subpoena power and the select committee being able to investigate things like a company getting \$243 million to rehabilitate 140 health clinics in Iraq, 3 years later the money is gone and there are only 20 places they have rehabilitated; otherwise the money is gone. So what happened to all the money?

We had testimony from a very courageous Iraqi yesterday who said \$18 billion, mostly American money, has disappeared. At least disappeared within his eyesight because he was in charge of anticorruption in the Iraqi Government. He was in charge of the anticorruption unit in the Iraqi Government. They tried to kill him three times. He finally left because he said the corruption was so unbelievable, and he was so unable to stop it. He said \$18 billion of American taxpayers' dollars—he believes most of it American taxpayers' dollars—has been wasted.

Later this week, I am going to speak at greater length about the waste, fraud, and abuse issue because we have to stop ignoring it. We have to start confronting it. My colleague, Senator REID, has been very strong and assertive in wanting to address this issue. All of my colleagues on the Democratic side have voted three times to establish a Truman committee.

Let me just mention one additional point. Three weeks ago I met a man named Herman Wouk. He is one of the great authors in American history. He wrote the books "The Caine Mutiny" and "War and Remembrance." I believe he is 91 years old. He has an unbelievable command of a lot of things. I was so impressed by him. It was a great honor to meet one of the great American authors, Herman Wouk.

He said to me, somewhat with a twinkle in his eye, he said: Senator DORGAN, I don't know much beyond 1945, but I know everything 1945 and back because I spent my life studying that history. I was part of it in the military. But, he said, I have written about it, I studied it. He said: I know everything about this period.

He said: You know what you ought to do in the Congress. I am reading about all of these things. You ought to do something, establish a Truman committee. Have you ever heard of a Truman committee?

I said: Mr. Wouk, I have. I offered an amendment to do that three times.

Then we talked about what the Truman committee had accomplished when a Democratic President was in the White House and a Democratic Senator wanted to put together that kind of investigative committee. People were concerned about it. The fact is, it got done, and the American taxpayer was served.

This war in Iraq has lasted longer than the Second World War. This amount of waste, fraud, and abuse is the greatest in the history of this country, I am convinced, and we are not near what we should be doing to provide the oversight. It is not the fault of this side of the aisle. It is not the fault of the majority leader. He has been aggressive and so have we. We have offered it time and time again, and we are not going to stop. The American taxpayer deserves better.

I yield the floor and make a point of order a quorum is not present.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DORGAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

#### STRATEGIC PETROLEUM RESERVE

Mr. DORGAN. Mr. President, before I leave the Chamber, I do wish to mention the Energy Department has made an announcement last week which, once again, stands logic on its head. They have announced they would continue putting oil into the Strategic Petroleum Reserve underground. They are putting about 60,000 barrels of oil underground right now, at a time when the price of oil is \$100 or \$110 a barrel. They are busy putting 60,000 barrels a day underground.