

horse. And every morning the young Turkish boy repeated to my father asking: 'What are you going to do geavour, if I kill you.' My father did not answer. Eventually my father's stepmother told my father that one day her son will kill him for sure. She finds a way to send my father to Syria.

"This is how my father stayed alive. When we talk about kind Turks, I think we should not forget that the main purpose was to assimilate the orphans, so it was half kindness.

"My second story and my third story are about my grandmother—mother's mother—Armaveni. She was born in Ichmee (a village) and got married to Serovbe Beylerian and moved to Ortagyokh. Both villages are in Keyvee, which was a small county near Adabazar near Istanbul. The county of Keyvee had five villages—Ichmee, Ortagyokh, Knjelar, Kurdpelenk and Partizak.

"My second story: During the deportation from their village, Ichmee, near the city of Adabazar, the Turks forced my grandmother's father, Voskan, to do his natural needs—of course there was no toilet—in front of his children and daughters-in-law to humiliate him, and before he finished, they pushed and kicked him in his back. Later on they were killed and only some of the children, including my grandmother, escaped.

"My third story: Gayanee, the survivor in this story, was from Ortagyokh. My grandmother Armaveni and Gayanee met in Romania after the Genocide. A group of Armenians were tied up with ropes and shot. Among them, one young girl named Gayanee survived. After the shooting, at night, long-bearded men with curved swords—yataghans—came to check if anyone from that group was still alive. They were slashing the bodies with their swords to ensure no one would stay alive. Gayanee managed to crawl under the dead bodies and covered herself with them. Fortunately, they did not notice her. After the Turks left, she crawled out and ran. She had no food or water. Even though Gayanee escaped and remained alive, she was spiritually handicapped and later died at a young age after developing TB.

"I never had grandparents from my father's side. They were all killed by Turks. I hope their souls will rest in peace."

PERSONAL EXPLANATION

HON. TODD TIAHRT

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 15, 2010

Mr. TIAHRT. Madam Speaker, on July 13th, I missed three rollcall votes numbered 434, 435, and 436 because I was unavoidably detained in Kansas.

Rollcall No. 434 was a vote on H.R. 4514, the Colonel Charles Young Home Study Act. Had I been present I would have voted "no."

Rollcall No. 435 was a vote on H.R. 4438, the San Antonio Missions National Historical Park Leasing and Boundary Expansion Act of 2010. Had I been present I would have voted "no."

Rollcall No. 436 was a vote on H.R. 4773, the Fort Pulaski National Monument Lease Authorization Act. Had I been present I would have voted "aye."

CONFERENCE REPORT ON H.R. 4173, DODD-FRANK WALL STREET RE- FORM AND CONSUMER PROTEC- TION ACT

SPEECH OF

HON. DARRELL E. ISSA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 30, 2010

Mr. ISSA. Mr. Speaker, I oppose the Dodd-Frank bill. It is overreliant on vague, complex regulations administered by large bureaucracies. We should not be putting our trust in the wisdom of the same regulators who failed us during the last crisis.

Instead, we must strive for true transparency and accountability in the financial sector, both for private companies and for the agencies that regulate them. The financial industry submits huge volumes of information to various regulators—financial statements, securities disclosures, banking reports, loan-level data, and much more. Too often, this information cannot be easily searched or analyzed because it is trapped within lengthy documents that must be manually reviewed.

The financial crisis of 2008 demonstrated the dangers of opaque financial reporting. Complex transactions and products helped financial companies hide leverage from investors, while regulators failed to recognize systemic risks and ongoing frauds.

Effective scrutiny of the financial industry's regulatory information, by the public as well as by regulators, could give us a fighting chance at avoiding the next crisis. And to enable effective scrutiny, that information needs to be easily searchable, sortable, and downloadable—and also publicly accessible as often as possible. Transparency and accountability in the financial sector represent our best hope that someone will spot hidden leverage and risk.

As a member of the conference committee for this legislation, I felt it was my responsibility as a conferee to do my best to improve the bill. On the first day of the conference, I offered amendments to increase transparency throughout the financial industry by requiring financial regulatory agencies to designate electronic data standards for the financial information they receive from the industry. In other words, under my amendments, financial companies, securities issuers, and other regulated entities would apply consistent, unique electronic tags—like a bar code at the grocery store—to each individual element of the forms, statements, and filings they submit to the government, instead of using paper or plain text.

In this technologically possible? Absolutely. In fact, some regulators are already using financial data standards. At the Securities and Exchange Commission, Chairman Christopher Cox championed new rules that require public companies to file their financial statements using a financial data standard called XBRL. Meanwhile, the FDIC has begun to require banks to use XBRL to apply electronic tags to each element of the call reports that they must file. In fact, XBRL has become a global data standard for financial information. It is already in use by regulators and stock exchanges in Australia, China, Japan, India, Korea, and many other countries. It transcends language barriers and differences in accounting standards to make financial information accessible to anyone, anywhere.

Why are these technologies so important? Data standards in financial regulation can help us achieve—for the first time—full transparency and accountability for both the regulated private companies and the federal agencies that regulate them.

For example, let's consider what has happened at the SEC. When companies submit their balance sheets and income statements in XBRL, every number in the balance sheet and every number in the income statement gets a unique electronic tag. That means market analysts and investors no longer need to manually hunt through lengthy documents and transcribe numbers into their own spreadsheets and databases. It makes companies' public financial information instantly searchable, sortable, and downloadable. And that means better transparency for publicly-traded companies. It has become much easier and much cheaper to track companies' performance. It has become easier for the SEC—or anyone else—to apply automatic filters to check for indicators of fraud.

For a second example, consider the experience of the FDIC, which now requires banks to file their call reports in XBRL. The electronic tags for every number in the call report helps banks to achieve better accuracy because it automatically checks all the mathematical relationships between numbers. Before the FDIC adopted XBRL, 30 percent of the call reports contained mathematical errors. Afterwards, the error rate fell to zero. Better accuracy also means better transparency.

In the early successes at the SEC and the FDIC are any indication, financial data standards would allow the markets to see reckless behavior ahead of time, or at least allow us to know the underlying value of assets when the markets begin to melt.

Financial data standards lead to better transparency for public companies and banks—but they also bring about better accountability for the regulators themselves. Why? Because when watchdog groups, financial media, and the public can slice and dice financial regulatory data for themselves, they can see for themselves whether the regulators are doing a good job at finding fraud and analyzing risk.

For all these reasons, I felt strongly that true financial reform should build on the SEC's and the FDIC's experience by adopting financial data standards throughout the whole regulatory system—securities disclosures, banking reports, swap transaction data, insurance reports, rating agencies' disclosures, and every other type of information collection that is discussed anywhere in the entire 2,000-page bill. My amendments would have accomplished that, and would have also required the data to be made public wherever possible—with appropriate protections for trade secrets, privacy, and so on.

When I proposed my amendments on that first day of the conference, and advocated for greater transparency in our financial system, Chairman FRANK agreed with me. He accepted the idea of requiring the agencies to adopt financial data standards. At Chairman FRANK's request, my staff worked with his staff, and with Chairman TOWNS' staff at the Oversight Committee, to draft—on a bipartisan basis—a comprehensive package of financial data standards amendments. On the last day of the conference I proposed the comprehensive package to Chairman FRANK and the other

House conferees. They adopted it unanimously by voice vote.

But this victory for transparency and accountability did not stand. In the wee hours of Friday morning—even though the House conferees had agreed unanimously on the amendments that Chairman FRANK and I had worked out together—the Senate conferees stripped the amendments out of the bill, and the final conference report does not include them. There is no written record showing why my transparency amendments were not included. Ironically, they were removed in a completely opaque fashion. By blocking amendments that would have achieved transparency in the financial sector through technology, the authors of this legislation have made it more difficult for financial institutions and regulators to be held accountable, setting us up for more devastating financial failures in the future.

I am very disappointed that this conference report ignores the need for greater transparency in the financial system by adopting proven technologies. Transparency is the only real solution to the corruption, hidden leverage, and ineffective bureaucracies that contributed to the previous financial crisis. Let me give you just a few examples.

First, transparency through technology can stop corruption. Suppose the financial statements for Bernie Madoff's investment firm had been encoded using a financial data standard, and made publicly available. Analysts would have used software to automatically compare Madoff's results with others in the industry. It would have been clear to everyone that his results were suspiciously consistent—such an outlier, in fact, that fraud could be the only explanation. But the SEC's new XBRL reporting rules hadn't yet been adopted when Madoff was running his fraud, and in any event they still only apply to public companies. Therefore, only the sophisticated financial firms who paid for Madoff's data to be manually entered into their software systems noticed these patterns. Individual investors who trusted Madoff never

learned how unusual his results were until it was too late. Neither did the SEC. The SEC relies on manual reviews, and never has developed the ability to do quantitative analyses. The SEC was as clueless as anyone. My amendments would have required the SEC to impose a financial data standard on investment advisers' filings, like Bernie Madoff's, and to make that data available when appropriate.

Second, transparency through technology can reveal hidden leverage. The financial crisis is partly the result of complex mortgage-backed securities which became toxic because nobody could reliably estimate their value. The technology exists to make even very complex assets transparent. If we were to require financial companies that bundle mortgages into mortgage-backed securities to apply electronic tags to the underlying information—for instance, the ZIP code and payment history of each mortgage—and regularly update that information, then the securities would be easy to value. My amendments would have required the SEC to start exactly that project.

Third, transparency through technology can make regulators more effective, less bureaucratic, and less wasteful. Just last Monday, the Wall Street Journal reported that a shady Ukrainian company whose sole employee and owner was a 79-year-old massage therapist had been cleared by the SEC to sell stock in this country—even though its filings reported no revenue and \$100 in assets. I don't mean to suggest that small, newly-founded companies should not have access to the capital markets. But if the SEC had required initial filings to be encoded using a financial data standard, this company's lack of revenue and assets would have raised automatic red flags and triggered greater scrutiny. My amendments would have required the SEC to impose financial data standards on registration statements and prospectuses.

In a letter to Chairman FRANK, these principles were endorsed by all of the major inde-

pendent financial services standards organizations, including the Financial Information Services Division of the Software and Information Industry Association, FIX Protocol Limited, the International Swaps and Derivatives Association, the International Securities Association for Institutional Trade Communication, SWIFT, and XBRL US. And my amendments, before the House conferees approved them unanimously, were agreed to by the SEC, the Fed, the FDIC, and the Office of the Comptroller of the Currency.

My amendments would have imposed transparency through data standards across the whole financial system—for the Fed, for the FDIC, for the Comptroller of the Currency, for the CFTC, and especially for the SEC. But they were stripped out of the Dodd-Frank bill in the wee hours of Friday—even though my staff and Chairman FRANK's staff had worked together to draft them, even though the regulators had approved them, and even though the House conferees had unanimously adopted them. Despite this setback, I am determined that transparency through technology is essential to foreclosing another financial meltdown. I am determined to pass legislation to ensure that financial disclosure information—and other types of regulatory information, too—is reported using data standards to make it fully searchable, sortable, and downloadable.

Yesterday, when the conference briefly reconvened, Chairman FRANK promised to try again. We will work together to introduce stand-alone financial transparency legislation with the same provisions, bring it through the Financial Services Committee, seek quick House passage, and again confront the Senate. Americans have the right to free access to regulatory information that is searchable, sortable, and downloadable, and they have the right to use that data to hold financial companies and regulatory agencies accountable. I will continue to fight for legislation to accomplish this, and transparency will have its day.