

visit Havana, Cuba, in order to better understand the culture of the land and the inner struggles of the Cuban people.

Currently Tom also serves on the board of directors of the Bucks Mont Katrina Relief Project and has raised millions of dollars for the victims of Hurricane Katrina in Hancock County, Mississippi. As part of this mission, Tom has led over 100 attorneys and their family members on multiple trips to Hancock County to clean up the devastation, rebuild homes, and assist in the construction of new community buildings like a food pantry and an animal shelter.

Tom's morals and decorum permeate every aspect of his life. His loyalty is unwavering and unparalleled, whether it be to family, friends, employees, or clients. His dedication to the community speaks volumes about who Tom is as a person. He is a kind, giving, unique individual, and I'm truly blessed to have called him a friend for so many years and to honor him today as he will be honored tonight at the Bucks County Bar Association.

WALL STREET VERSUS MAIN STREET

The SPEAKER pro tempore. The Chair recognizes the gentlewoman from Ohio (Ms. KAPTUR) for 5 minutes.

Ms. KAPTUR. Mr. Speaker, it's no secret that Wall Street is rampant with cases of outright fraud, backroom deals and very, very special political access. Meanwhile, Main Street is pushing back hard against this tide by investing in our communities and struggling to create jobs so our economy can grow.

A steady series of probing news stories have begun to expose the depth of corruption that precipitated the Wall Street meltdown and why it is so hard for Main Street to recover.

Bloomberg just released a story detailing how the former Secretary of the Treasury, Hank Paulson, provided special insider information to well connected Wall Street executives in July of 2008, just before the meltdown. According to Bloomberg, on the very same day the former Secretary told *The New York Times* that he expected the examinations of the Federal Reserve and the Office of the Comptroller of the Currency into Fannie Mae and Freddie Mac would "give a signal of confidence to the markets," he informed a select group of his friends on Wall Street later in the day that in reality, there was a plan for placing "Fannie and Freddie into conservatorship," which amounts to a government seizure. Those firms got insider information, and one can ask, did they then place bets to protect their interests? I bet they did.

One of the fund managers in that meeting said "he was shocked that Paulson would furnish such specific information, leaving little doubt that the Treasury Department would carry out

that plan." In the words of William Black, law expert at the University of Missouri, "There was no legitimate reason for these disclosures."

The Secretary of Treasury is supposed to be a public steward of our Nation's financial well-being. But when he told the public one story and then shared the inside track with his friends and colleagues from Goldman Sachs and other large firms, he broke that trust.

□ 1030

To be blunt, this is self-serving crony capitalism at its worst.

This is hardly the only case of special treatment of Wall Street insiders by Washington, insiders like Paulson, who was the former head of Goldman Sachs. Earlier this week, we saw a U.S. District Court throw out a settlement between the Securities & Exchange Commission and Citigroup. In 2008, Citigroup reportedly created, marketed, and sold a fund to investors. What Citigroup did not disclose is that the bank itself was actually betting against their own fund. This fraudulent deal made Citigroup \$160 million while costing the fund's investors \$700 million in losses, and counting.

The SEC's response to this fraud was a \$285 million settlement, slightly more than a third of the reported losses incurred by the victims of this fraud. Citigroup was not even required to admit any wrongdoing. The federal judge was absolutely correct to throw this case out. The SEC's policy of allowing large Wall Street firms to walk away from fraud cases without so much as admitting any wrongdoing is completely inappropriate and invites more corruption.

Growing reports of fraud are staggering, and they underlie the Wall Street dealing that has so harmed our Nation. Throughout November, we saw headline after headline of how MF Global took money from its own private customer accounts as it tried to stay afloat in the days before it filed one of the largest bankruptcies in American history. There may be as much as \$1.2 billion unaccounted for. We used to call that stealing.

The fact is our Justice Department has only a handful of FBI agents to properly investigate the volume of corruption infecting our markets. After reviewing the FBI's own testimonies, I introduced H.R. 1350, the Financial Crisis Criminal Investigation Act, to authorize an additional 1,000 FBI agents and forensic experts to prosecute white collar crime, especially Wall Street. Back in the 1990s when we had the S&L crisis, we had a thousand agents. When this crisis started, there were but a handful because they had all been switched to terrorism investigations.

When you look at these cases, what is astounding is just how well connected so many of these institutions on Wall Street are to the corridors of power in Washington. It now appears even former Speaker Newt Gingrich

was paid millions of dollars by Freddie Mac before it went bankrupt.

At a minimum, our Nation needs an independent commission to investigate what actions led to the eventual collapse of Fannie Mae and Freddie Mac by which Wall Street turned over all of its toxic mortgage paper to the taxpayers of the United States for the next three generations.

I have a bill to do just that, H.R. 2093. I ask other Members of the House to sponsor the Fannie Mae and Freddie Mac Criminal Investigative Commission Act.

So while real justice for Wall Street languishes in places from Cleveland to Toledo, Main Street America is trying to create jobs. It's over time for Washington to get its House in order to restore accountability to Wall Street so that full confidence can be restored to our economy. Exacting justice for Wall Street wrongdoing is long overdue. That task remains fundamental to economic recovery and job growth.

[From the Bloomberg Markets Magazine, Nov. 29, 2011]

HOW PAULSON GAVE HEDGE FUNDS ADVANCE WORD OF FANNIE MAE RESCUE

(By Richard Teitelbaum)

Treasury Secretary Henry Paulson stepped off the elevator into the Third Avenue offices of hedge fund Eton Park Capital Management LP in Manhattan. It was July 21, 2008, and market fears were mounting. Four months earlier, Bear Stearns Cos. had sold itself for just \$10 a share to JPMorgan Chase & Co. (JPM).

Now, amid tumbling home prices and near-record foreclosures, attention was focused on a new source of contagion: Fannie Mae (FNMA) and Freddie Mac, which together had more than \$5 trillion in mortgage-backed securities and other debt outstanding, Bloomberg Markets reports in its January issue.

Paulson had been pushing a plan in Congress to open lines of credit to the two struggling firms and to grant authority for the Treasury Department to buy equity in them. Yet he had told reporters on July 13 that the firms must remain shareholder owned and had testified at a Senate hearing two days later that giving the government new power to intervene made actual intervention improbable.

"If you have a bazooka, and people know you have it, you're not likely to take it out," he said.

On the morning of July 21, before the Eton Park meeting, Paulson had spoken to *New York Times* reporters and editors, according to his Treasury Department schedule. A *Times* article the next day said the Federal Reserve and the Office of the Comptroller of the Currency were inspecting Fannie and Freddie's books and cited Paulson as saying he expected their examination would give a signal of confidence to the markets.

A DIFFERENT MESSAGE

At the Eton Park meeting, he sent a different message, according to a fund manager who attended. Over sandwiches and pasta salad, he delivered that information to a group of men capable of profiting from any disclosure.

Around the conference room table were a dozen or so hedge-fund managers and other Wall Street executives—at least five of them alumni of Goldman Sachs Group Inc. (GS), of which Paulson was chief executive officer and chairman from 1999 to 2006. In addition

to Eton Park founder Eric Mindich they included such boldface names as Lone Pine Capital LLC founder Stephen Mandel, Dinakar Singh of TPG-Axon Capital Management LP and Daniel Och of Och-Ziff Capital Management Group LLC.

After a perfunctory discussion of the market turmoil, the fund manager says, the discussion turned to Fannie Mae and Freddie Mac. Paulson said he had erred by not punishing Bear Stearns shareholders more severely. The secretary, then 62, went on to describe a possible scenario for placing Fannie and Freddie into "conservatorship"—a government seizure designed to allow the firms to continue operations despite heavy losses in the mortgage markets. . . .

SHARES RALLY

At the time Paulson privately addressed the fund managers at Eton Park, he had given the market some positive signals—and the GSEs' shares were rallying, with Fannie Mae's nearly doubling in four days. William Black, associate professor of economics and law at the University of Missouri-Kansas City, can't understand why Paulson felt impelled to share the Treasury Department's plan with the fund managers.

"You just never ever do that as a government regulator—transmit nonpublic market information to market participants," says Black, who's a former general counsel at the Federal Home Loan Bank of San Francisco. "There were no legitimate reasons for those disclosures."

Janet Tavakoli, founder of Chicago-based financial consulting firm Tavakoli Structured Finance Inc., says the meeting fits a pattern.

"What is this but crony capitalism?" she asks. "Most people have had their fill of it."

A LAWYER'S ADVICE

The fund manager who described the meeting left after coffee and called his lawyer. The attorney's quick conclusion: Paulson's talk was material nonpublic information, and his client should immediately stop trading the shares of Washington-based Fannie and McLean, Virginia-based Freddie. . . .

GOLDMAN ALUMS

One other Goldman Sachs alumnus was at the meeting: Frank Brosens, founder and principal of Taconic Capital Advisors LP, who worked at Goldman as an arbitrageur and who was a protege of Robert Rubin, who went on to become Treasury secretary.

Non-Goldman Sachs alumni who attended included short seller James Chanos of Kynikos Associates Ltd., who helped uncover the Enron Corp. accounting fraud; GS Capital Partners LP co-founder Bennett Goodman, who sold his firm to Blackstone Group LP (BX) in early 2008; Roger Altman, chairman and founder of New York investment bank Evercore Partners Inc. (EVR); and Steven Rattner, a co-founder of private-equity firm Quadrangle Group LLC, who went on to serve as head of the U.S. government's Automotive Task Force. . . .

[From the New York Times, Nov. 28, 2011]

JUDGE BLOCKS CITIGROUP SETTLEMENT WITH S.E.C.

(By Edward Wyatt)

WASHINGTON.—Taking a broad swipe at the Securities and Exchange Commission's practice of allowing companies to settle cases without admitting that they had done anything wrong, a federal judge on Monday rejected a \$285 million settlement between Citigroup and the agency.

The judge, Jed S. Rakoff of United States District Court in Manhattan, said that he could not determine whether the agency's settlement with Citigroup was "fair, reason-

able, adequate and in the public interest," as required by law, because the agency had claimed, but had not proved, that Citigroup committed fraud.

As it has in recent cases involving Bank of America, JPMorgan Chase, UBS and others, the agency proposed to settle the case by levying a fine on Citigroup and allowing it to neither admit nor deny the agency's findings. Such settlements require approval by a federal judge.

While other judges are not obligated to follow Judge Rakoff's opinion, the 15-page ruling could severely undermine the agency's enforcement efforts if it eventually blocks the agency from settling cases in which the defendant does not admit the charges.

The agency contends that it must settle most of the cases it brings because it does not have the money or the staff to battle deep-pocketed Wall Street firms in court. Wall Street firms will rarely admit wrongdoing, the agency says, because that can be used against them in investor lawsuits.

The agency in particular, Judge Rakoff argued, "has a duty, inherent in its statutory mission, to see that the truth emerges." But it is difficult to tell what the agency is getting from this settlement "other than a quick headline." Even a \$285 million settlement, he said, "is pocket change to any entity as large as Citigroup," and often viewed by Wall Street firms "as a cost of doing business."

According to the Securities and Exchange Commission, Citigroup stuffed a \$1 billion mortgage fund that it sold to investors in 2007 with securities that it believed would fail so that it could bet against its customers and profit when values declined. The fraud, the agency said, was in Citigroup's falsely telling investors that an independent party was choosing the portfolio's investments. Citigroup made \$160 million from the deal and investors lost \$700 million.

Judge Rakoff said the agency settlement policy—"hallowed by history, but not by reason"—creates substantial potential for abuse because "it asks the court to employ its power and assert its authority when it does not know the facts." That undermines the constitutional separation of powers, he said, by asking the judiciary to rubber-stamp the executive branch's interpretation of the law.

The agency said that it disagreed with the judge's ruling but did not say whether it would appeal, or try to refashion the settlement or prepare to begin a trial, as the judge directed, on July 16.

Robert Khuzami, the agency's director of enforcement, said in a statement that the Citigroup settlement "reasonably reflects the scope of relief that would be obtained after a successful trial," and that the decision "ignores decades of established practice throughout federal agencies and decisions of the federal courts."

Citigroup said it also disagreed with Judge Rakoff's decision, adding that it would fight the charges if the case indeed went to trial.

"We believe the proposed settlement is a fair and reasonable resolution to the S.E.C.'s allegation of negligence, which relates to a five-year-old transaction," Edward Skyler, a Citigroup spokesman, said in a statement. "We also believe the settlement fully complies with long-established legal standards. In the event the case is tried, we would present substantial factual and legal defenses to the charges."

In his decision, Judge Rakoff called Citigroup "a recidivist" or repeat offender, for having previously settled other fraud cases with the agency where it neither admitted nor denied the allegations but agreed never to violate the law in the future.

Citigroup and other repeat offenders can agree to those terms, the judge said, because

they know that the commission has not monitored compliance, failing to bring contempt charges for repeat violations in at least 10 years.

A recent analysis by The New York Times of the agency's fraud settlements with Wall Street firms found 51 instances, involving 19 companies, in which the agency claimed that a company had broken fraud laws that they previously had agreed never to breach. Securities law experts said that the ruling presents the agency with a tough dilemma. In future cases, it will have to consider the risk that another judge may be reluctant to approve a settlement given the Rakoff ruling.

"This is clearly a case of great significance," said Harvey Pitt, a former chairman of the agency who is now chief executive at Kalorama Partners in Washington. "It's also a case for which there is no direct precedent. Courts have been approving settlements by government agencies without any admissions of wrongdoing for years."

On the other hand, Mr. Pitt noted, "there is no suggestion here that this decision would apply in every single case," because Citigroup has reached such settlements before, a situation that sets this case apart from many Securities and Exchange Commission settlements.

Judge Rakoff has been a frequent critic of the agency's settlements. In 2009, he rejected a proposed \$33 million settlement with Bank of America for a case in which the agency said the bank had misled shareholders over its acquisition of Merrill Lynch. He eventually approved a \$150 million settlement after the agency presented further evidence of the bank's wrongdoing.

The judge also noted the difference between the agency's settlement with Citigroup and its settlement last year with Goldman Sachs in a similar mortgage-derivatives case. Goldman was required to say that its marketing materials for the product "contained incomplete information."

In the Citigroup case, no such facts were agreed on. "An application of judicial power that does not rest on facts is worse than mindless, it is inherently dangerous," Judge Rakoff wrote. "In any case like this that touches on the transparency of financial markets whose gyrations have so depressed our economy and debilitated our lives, there is an overriding public interest in knowing the truth."

Mr. Khuzami took issue with the judge's characterization of the settlement "These are not 'mere' allegations," he said, "but the reasoned conclusions of the federal agency responsible for the enforcement of the securities laws after a thorough and careful investigation of the facts."

Barbara Black, a professor at the University of Cincinnati College of Law who edits the Securities Law Prof Blog, said that the decision was interesting because Judge Rakoff carefully treads the line between the deference that judges are supposed to show to regulatory agencies while also ensuring that the court does not simply rubber-stamp decisions.

In a legal dispute between two private parties, they can agree to whatever settlement they desire, Ms. Black said. But in a case involving a public agency with consequences that affect the public interest, there has to be some kind of acknowledgment that certain things did occur, she added.

DUTIES AND FUNCTIONS OF THE U.S.

DEPARTMENT OF THE TREASURY

MISSION

Maintain a strong economy and create economic and job opportunities by promoting the conditions that enable economic growth and stability at home and abroad, strengthen national security by combating threats and

protecting the integrity of the financial system, and manage the U.S. Government's finances and resources effectively.

Treasury's mission highlights its role as the steward of U.S. economic and financial systems, and as an influential participant in the world economy.

The Treasury Department is the executive agency responsible for promoting economic prosperity and ensuring the financial security of the United States. The Department is responsible for a wide range of activities such as advising the President on economic and financial issues, encouraging sustainable economic growth, and fostering improved governance in financial institutions. The Department of the Treasury operates and maintains systems that are critical to the nation's financial infrastructure, such as the production of coin and currency, the disbursement of payments to the American public, revenue collection, and the borrowing of funds necessary to run the federal government. The Department works with other federal agencies, foreign governments, and international financial institutions to encourage global economic growth, raise standards of living, and to the extent possible, predict and prevent economic and financial crises. The Treasury Department also performs a critical and far-reaching role in enhancing national security by implementing economic sanctions against foreign threats to the U.S., identifying and targeting the financial support networks of national security threats, and improving the safeguards of our financial systems.

ORGANIZATION

The Department of the Treasury is organized into two major components the Departmental offices and the operating bureaus. The Departmental Offices are primarily responsible for the formulation of policy and management of the Department as a whole, while the operating bureaus carry out the specific operations assigned to the Department. Our bureaus make up 98% of the Treasury work force. The basic functions of the Department of the Treasury include:

- Managing Federal finances;
- Collecting taxes, duties and monies paid to and due to the U.S. and paying all bills of the U.S.;
- Currency and coinage;
- Managing Government accounts and the public debt;
- Supervising national banks and thrift institutions;
- Advising on domestic and international financial, monetary, economic, trade and tax policy;
- Enforcing Federal finance and tax laws;
- Investigating and prosecuting tax evaders, counterfeiters, and forgers.

FIXING A BROKEN WASHINGTON

The SPEAKER pro tempore. The Chair recognizes the gentleman from Indiana (Mr. YOUNG) for 5 minutes.

Mr. YOUNG of Indiana. Mr. Speaker, I rise today to speak on behalf of the overwhelming majority of my southern Indiana constituents.

A year ago, they sent me to this body to give a voice to their frustrations with Washington—a frustration I shared then and share now more than ever. The American people's frustration stems from a lack of real progress in addressing our Nation's most fundamental challenges: Federal spending, our national debt, job creation, and the decline of the middle class. Our fellow

citizens have concluded what I, too, have concluded—Washington is broken, and no one is in a hurry to fix it.

Congress hasn't passed a balanced budget in over a decade. The Senate hasn't passed any sort of budget in 3 years. Our national debt recently topped \$15 trillion, and our unemployment rate hovers around 9 percent. Instead of trying to fix our problems, Washington would rather argue about who's to blame for causing our problems. Sure, there's a lot of agreement as to what's wrong with our country, but not a lot of action geared towards making anything right. Our President and too many in this Congress would rather demagogue and demonize than lead and legislate. Washington is broken, and nobody's in a hurry to fix it.

While many of our constituents are struggling to find a second, and in some cases a third, job, Washington is failing to perform its only job—governing. Is it any wonder that so many Americans are frustrated?

These aren't Republican problems or Democrat problems. They're not House problems or Senate problems; these are Washington problems. Unfortunately, after 11 months on the job, I've seen far too few Washington solutions.

Many of us came to Washington this year, some of us new to government, to offer solutions. We came ready with ideas. We came ready to defend those ideas, to respond to criticisms, to make the ideas into workable solutions and, ultimately, to implement those solutions to make a better life for those who sent us here. We came with the same sense of urgency that the American people expect of us.

But Washington is broken. Too many people in this city resist publicly committing to hard, workable solutions because parroting talking points is so much easier. But until we get down to brass tacks, we'll continue to talk past one another.

So I make this entreaty to all of my colleagues: whether you are a Republican or a Democrat, commit to proposing workable solutions. Get into the details. Put them on paper. Until both sides put a specific, written, scoreable plan on the table, we'll never find the common ground necessary to strike that grand bargain. In the absence of specifics, we're just playing politics. That's why Washington is broken.

Now, earlier this year, those of us on the Budget Committee introduced a comprehensive plan that would reduce our deficit over the next decade by over \$6 trillion. It would balance the budget and start paying down our debt. It would create an environment where jobs could flourish and grow, and it would save and strengthen our safety net programs like Medicare and Medicaid. Most importantly, it addressed our challenges with the sense of urgency they require.

If you disagree with that plan or you have a more optimal solution, let's hear it. Introduce it. I'm open to better plans. I didn't come to Congress be-

cause I thought I had all of the solutions. I came to Congress because my constituents wanted me to be part of the solution. But criticizing the other guy's plan is not the same as having a plan.

Real leadership consists of presenting your vision for America to the American people and then defending it. In so doing, Republicans and Democrats may discover that we have some common ground, that we are not enemies, but friends. Let us summon up, as we have before, the "better angels of our nature" and rededicate ourselves to the hard work of leadership.

Washington is indeed broken. Let's hurry up and fix it together.

PASS AMERICAN DREAM ACT

The SPEAKER pro tempore. The Chair recognizes the gentleman from Texas (Mr. HINOJOSA) for 5 minutes.

Mr. HINOJOSA. Mr. Speaker, it is with great sadness that I rise to urge my colleagues on both sides of the aisle to pass the American DREAM Act.

This past weekend, I learned of the tragic death of Joaquin Luna, a senior student at Juarez Lincoln High School in Mission, Texas, who took his life because he believed that he would never be able to fulfill his dream of becoming an engineer, earning his citizenship, and leading a full and prosperous life in America.

Brought to the United States as an infant, Joaquin attended our Nation's public schools, played the guitar at his church, and hoped to go to college and achieve the American Dream. I cannot express the sorrow I feel on the loss of such a talented young man. I want to extend my heartfelt condolences to Joaquin's family and friends. I cannot imagine the pain they are suffering. It is heartbreaking to know that many of us in the U.S. House of Representatives passed the DREAM Act at this time last year, only to see the legislation held up in the Senate by a vote of 55-41.

Today, as Joaquin Luna's body is laid to rest, I believe it is imperative to underscore the urgency of passing the DREAM Act in the 112th Congress and renewing hope for DREAM students. As a proud cosponsor of H.R. 1842, the Development, Relief, and Education for Alien Minors Act of 2011, better known as the DREAM Act, I urge President Obama and my colleagues in the House and the Senate to put their ideological differences aside and do what is right. Now more than ever, we must give these young people an opportunity to pursue their college and career goals, resolve their immigration status, and earn their citizenship.

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The DREAM Act would allow these students the opportunity to earn legal status if they were 15 years old or younger when they were brought to America, are long-term U.S. residents and have lived in the United States for