The PRESIDING OFFICER. Without objection, it is so ordered.

TERRORISM RISK INSURANCE ACT OF 2002—Continued

Mr. REID. Madam President, I ask unanimous consent that at 4:30 p.m. the bill now before the Senate be read the third time and the Senate vote on final passage, without intervening action or debate, with the 30 minutes prior to that vote equally divided between Senators DODD and GRAMM, or their designees, and paragraph 4 of rule XII being waived.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REID. Madam President, there are a number of Senators who have expressed a desire to offer amendments. We are anxious to have them come forward. For example, Senator SPECTER can come anytime he wants, except between 12:30 and 2:15, to offer his amendment. We look forward to that. If other Senators wish to do the same, the floor is open for those Senators.

I say to my Republican colleagues, this is the efficient way to do business. We know it was a tightly contested vote to obtain cloture. Senator GRAMM did the right thing in saying we will try to do things in conference or at some later time. This will expedite getting to the Defense authorization bill, which is so important for the country, something that the President and Secretary Rumsfeld have said time and time again we need to do. We will do that. The bill, the Defense authorization bill, should have adequate time to have a full and complete debate. It is always a bill that is controversial, just because of its nature and the size of it in dollars. It is something we will get to and complete before the July 4 recess.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant bill clerk proceeded to call the roll.

Mr. EDWARDS. Madam President, I ask unanimous consent the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EDWARDS. Madam President, are we in morning business?

The PRESIDING OFFICER. We are not.

Mr. EDWARDS. I ask unanimous consent I be allowed to speak for up to 7 minutes as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE ETHICAL RESPONSIBILITY OF LAWYERS AFTER ENRON

Mr. EDWARDS. Madam President, I want to say a few words about the responsibilities of lawyers in corporate America.

In recent weeks we have learned about high-flying corporations that came crashing to the ground after top executives played fast and loose with the law. And we have heard how ordinary employees and shareholders can lose their life savings when millionaire managers break the rules.

For the most part, the public has focused on the role of the managers and the accountants in allowing this kind of misconduct to happen, and of course that is critical.

But the truth is that executives and accountants do not work alone. Wherever executives or accountants are at work in America today, lawyers are looking over their shoulders. And if the executives and accountants are breaking the law, you can be sure part of the problem is that the lawyers aren't doing their jobs. The findings of the jury in the Andersen case only highlight the role of lawyers in American business today.

I know from personal experience what the responsibility of a lawyer is. I was proud to practice law for 20 years. I was proud to fight for my clients, regular people who had been wronged by powerful interests. When I took on a client, I recognized my duty to that client: to represent him or her zealously, but to do so within the limits of the law.

The lawyers for a corporation—the lawyers at an Enron, for example—they have different kinds of clients from the clients I had. But they have the same basic responsibility: to represent their clients zealously, and to represent them within the limits of the law.

My concern today is that some corporate lawyers—not all, but some—are forgetting that responsibility.

Let me get a little more specific. If you are a lawyer for a corporation, your client is the corporation. You work for the corporation and for the ordinary shareholders who own the corporation. That is who you owe your loyalty to. That is who you owe your zealous advocacy to.

What we see lawyers doing today is sometimes very different. Corporate lawyers sometimes forget they are working for the corporation and the shareholders who own it.

Instead, they decide they are working for the chief executive officer or the chief operating officer who hired them. They get to thinking that playing squash with the CEO every week is more important than keeping faith with the shareholders every day. So the lawyers may not do their duty to say to their pal, the CEO, ''No, you cannot break the law.''

In my view, it is time to remind corporate lawyers of their legal and moral obligations—as members of the bar, as officers of the courts, as citizens of this country.

The American Bar Association ought to take a leading role here, something they have not done thus far.

The Securities and Exchange Commission has an essential part to play as well. For some time, the SEC promoted the basic responsibility of lawyers to take steps in order to stop corporate managers from breaking the law. The rule for lawyers that the SEC promoted was simple: If you find out managers are breaking the law, you tell them to stop. And if they won't stop, you go to the board of directors, the people who represent the shareholders, and you tell them what is going on.

After promoting the simple principle that lawyers must ''go up the ladder'' when they learn about misconduct, the SEC gave up the fight. They gave up the fight in part because the American Bar Association opposed their efforts.

In my view, it is time for the ABA and SEC to change their tune. Today I am sending a letter to the Chairman of the SEC, Harvey Pitt, asking him to renew the SEC's enforcement of corporate lawyers' ethical responsibility to go up the ladder.

In answer to a petition from 40 leading legal scholars, the SEC has already signaled that it probably will not take up the challenge I am talking about. I believe that is wrong. If Mr. Pitt responds to my inquiry by saying that the SEC plans to do nothing, then I believe we will probably need to move in this body to impose the limited responsibility I have discussed.

I ask unanimous consent that the full text of my letter to Mr. Pitt be printed in the RECORD.

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

U.S. SENATE,
Washington, DC, June 18, 2002.

Hon. HARVEY PITT,
Chairman, Securities and Exchange Commission, Washington, DC.

DEAR CHAIRMAN PITT: I am writing to you about the responsibilities of lawyers under the federal securities laws.

In the wake of the Enron scandal, the public has focused on the role of accountants in maintaining the integrity of our free market system. In my view, it is time to scrutinize the role of lawyers as well. When corporate managers are engaged in damaging illegal conduct, the lawyers who represent the corporation can sometimes stop that conduct simply by reporting it to the corporate board of directors. Yet lawyers do not always engage in such reporting, in part because the lawyers' duties are frequently unclear. While the lawyers' inaction may be good for the inside managers, it can be devastating to the ordinary shareholders who own the corporation.

The American Bar Association's Model Rules of Professional Responsibility have not recognized mandatory and unambiguous rules of professional conduct for corporate practitioners, and rules at the state level are varied and often unenforced. During the 1970s and 1980s, as you know, the SEC instituted proceedings under Rule 2(e) (now rule 102(e)) to enforce minimum ethical standards for the practice of federal securities law. The SEC has since stopped bringing these types of actions. On March 7, 2002, forty legal scholars wrote a letter to you suggesting, among other things, that the Commission require a lawyer representing a corporation in securities practice to inform the corporation's board of directors if the lawyer knows the corporation is violating the Federal securities laws and management has been notified of the violation and has not acted promptly to rectify it. In a March 28, letter, your then-general counsel, David M. Becker,