

give communities clear objectives as they work to improve flood protection infrastructure.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield 2 minutes to the co-author of the amendment we have been discussing, the gentlewoman from California (Ms. SPEIER).

Ms. SPEIER. The American people have an indomitable spirit, and judging from my constituents, they don't expect the Federal Government to come to their aid for every problem. But they also don't expect us to stand in their way when they are trying to save lives and property.

The massive flooding and loss of life following Hurricane Katrina was a wake-up call for those of us who live along our Nation's beautiful coasts, bays, lakes and rivers. I represent the San Francisco Peninsula. As the name suggests, there is hardly a spot in my district where you can't see water. Currently, an advanced new levee system is being constructed to protect parts of three cities along San Francisco Bay. The levee is being built with local money. The residents have voted to tax themselves to do it. This is exactly how it should be, communities handling their issues themselves.

But currently, FEMA only recognizes Federally funded or managed projects. So, despite the fact that these levees are built to the exact same specifications, until the project is completed, homeowners and businesses in those areas will be forced to pay dramatically higher flood insurance, and any new construction will be required to be built on stilts above where the flood plain would be if the levees had not been built or improved. Imagine putting homes on stilts in an earthquake area. It just doesn't make sense.

Again, the levees are not the issue. These levees are being built to Federal standards. The only reason that tens of thousands of hardworking Americans will have to pay thousands of dollars more in insurance and local builders will have to put their buildings on stilts is because the forward-thinking residents of San Mateo, Foster City and Redwood Shores decided to improve their levees without Federal dollars.

I urge the passage of this amendment and this bill.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield myself 3 minutes. And I would yield for a question to our colleague from Mississippi, who has been, with our support on our committee, a major proponent for protecting the people he represents in the area of wind and elsewhere.

I yield to the gentleman.

Mr. TAYLOR. Mr. Chairman, last year you had extensive hearings on this subject. The bill that was proposed by the House increased the coverage amount since it was a shock to a lot of people who had to rebuild—\$250,000 just doesn't buy the kind of house that it used to 10 years ago.

We took the step to end the practice of concurrent causation, where if, ac-

ording to testimony before the Mississippi Supreme Court, a house was 95 percent destroyed by the wind before the water got there, the insurance companies would bill the Federal Government for 100 percent of the cost of the damage, as testimony before the Mississippi Supreme Court. And then the other thing is the possibility of adding wind insurance to the National Flood Insurance Program so that there isn't any discrepancy. It doesn't matter if the wind destroyed your house or if the water destroyed your house, if you built it to code, if your community built to code and you paid your premiums, that you are going to get paid.

I realize your committee has been very busy with the housing crisis. Everyone is aware of that. But the folks in the affected regions—which is now 52 percent of all Americans—are curious; at what point do you think there will be some talk of these changes to the flood insurance?

Mr. FRANK of Massachusetts. Well, as the gentleman knows, there has been a request from the administration for a longer extension, but the gentleman conferred with the Chair of the subcommittee, the gentlewoman from California (Ms. WATERS), and expressed his concern that that would put off further any chance to do this, and we agreed with that. That is why this is a 6-month extension. And the answer is, I believe the House remains committed to that. What happens in the Senate will be another issue. But it is certainly our intention, the leadership of the committee on the majority side, once again, to work with the gentleman to extend that protection, and hope that maybe things will change in the Senate.

I yield again to the gentleman.

Mr. TAYLOR. Specifically, does the gentleman envision hearings this fall on the subject?

Mr. FRANK of Massachusetts. Yes, it would be very appropriate.

As Members know, we have been a little busy with the financial material, but we are probably not going away for a while this calendar year. And yes, I know the gentlewoman from California, who chairs the subcommittee which has jurisdiction, is very interested in this and does plan to have some hearings.

Mr. TAYLOR. I thank the gentleman.

And to the previous speaker, as someone who lives in a house on stilts and represents a lot of people who live in houses on stilts, they're not all that bad.

Thank you very much.

Mr. FRANK of Massachusetts. I would just finish up by saying that the gentlewoman did talk about the problem of houses on stilts in an earthquake area.

I reserve the balance of my time.

Mrs. CAPITO. I don't live in a house on stilts, I live on a mountain, so I don't need stilts. I guess that's a good thing.

Mr. Speaker, I yield back the balance of my time and urge support of this legislation.

Mr. FRANK of Massachusetts. Well, I will yield back after recalling for no particular reason the views of the British philosopher, Jeremy Bentham, who said that he thought talk of natural law was nonsense and talk of natural rights was nonsense on stilts. That is irrelevant, but it just occurred to me.

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

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Massachusetts (Mr. FRANK) that the House suspend the rules and pass the bill, H.R. 3139, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

CLARIFYING SEC'S AUTHORITY TO SANCTION BROKERS

Mr. FRANK of Massachusetts. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2623) to amend the Federal securities laws to clarify and expand the definition of certain persons under those laws.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 2623

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

SECTION 1. FORMERLY ASSOCIATED PERSONS.

(a) MEMBER OR EMPLOYEE OF THE MUNICIPAL SECURITIES RULEMAKING BOARD.—Section 15B(c)(8) of the Securities Exchange Act of 1934 (15 U.S.C. 78o-4(c)(8)) is amended by striking “any member or employee” and inserting “any person who is, or at the time of the alleged misconduct was, a member or employee”.

(b) PERSON ASSOCIATED WITH A GOVERNMENT SECURITIES BROKER OR DEALER.—Section 15C of the Securities Exchange Act of 1934 (15 U.S.C. 78o-5) is amended—

(1) in subsection (c)(1)(C), by striking “or seeking to become associated,” and inserting “seeking to become associated, or, at the time of the alleged misconduct, associated or seeking to become associated”;

(2) in subsection (c)(2)(A), by inserting “, seeking to become associated, or, at the time of the alleged misconduct, associated or seeking to become associated” after “any person associated”; and

(3) in subsection (c)(2)(B), by inserting “, seeking to become associated, or, at the time of the alleged misconduct, associated or seeking to become associated” after “any person associated”.

(c) PERSON ASSOCIATED WITH A MEMBER OF A NATIONAL SECURITIES EXCHANGE OR REGISTERED SECURITIES ASSOCIATION.—Section 21(a)(1) of the Securities Exchange Act of 1934 (15 U.S.C. 78u(a)(1)) is amended by inserting “, or, as to any act or practice, or omission to act, while associated with a member, formerly associated” after “member or a person associated”.

(d) PARTICIPANT OF A REGISTERED CLEARING AGENCY.—Section 21(a)(1) of the Securities Exchange Act of 1934 (15 U.S.C. 78u(a)(1)) is amended by inserting “or, as to any act or practice, or omission to act, while a participant, was a participant,” after “in which such person is a participant.”

(e) OFFICER OR DIRECTOR OF A SELF-REGULATORY ORGANIZATION.—Section 19(h)(4) of the Securities Exchange Act of 1934 (15 U.S.C. 78s(h)(4)) is amended—

(1) by striking “any officer or director” and inserting “any person who is, or at the time of the alleged misconduct was, an officer or director”; and

(2) by striking “such officer or director” and inserting “such person”.

(f) OFFICER OR DIRECTOR OF AN INVESTMENT COMPANY.—Section 36(a) of the Investment Company Act of 1940 (15 U.S.C. 80a-35(a)) is amended—

(1) by striking “a person serving or acting” and inserting “a person who is, or at the time of the alleged misconduct was, serving or acting”; and

(2) by striking “such person so serves or acts” and inserting “such person so serves or acts, or at the time of the alleged misconduct, so served or acted”.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Massachusetts (Mr. FRANK) and the gentleman from California (Mr. MCCARTHY) each will control 20 minutes.

The Chair recognizes the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. Mr. Speaker, this is another important bipartisan bill. The gentleman from California (Mr. MCCARTHY) took the initiative here, and we were pleased to work with him.

The Chair of the subcommittee, the gentleman from Pennsylvania (Mr. KANJORSKI), is dealing with a back problem, so he's not here. But he's not dealing with a backbone problem, because this bill puts some more backbone into the antifraud laws. And what it does is, in consultation with the SEC, enhances their ability to kick people, in effect, out of the industry who have a bad record. And it makes it very clear that a past bad record or a past affiliation would still be relevant in giving the SEC the right to protect investors.

We are all aware that too little has been done to protect investors. This is a step forward towards further empowering the SEC to do the job of protecting investors.

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

Mr. MCCARTHY of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 2623, legislation that would amend the Federal securities laws to clarify the Security and Exchange Commission's, the SEC, authority to sanction certain employees of regulated or supervised entities after they leave their jobs.

I would like to thank Mr. KANJORSKI and Chairman FRANK for bringing this bill to the floor today. I would also like to mention that this legislation was included in a larger piece of securities legislation from the 110th Congress, H.R. 6513, the Securities Act of 2008, which passed the House on suspension by voice vote.

The legislation is also included in H.R. 3310, the Consumer Protection and Regulatory Enhancement Act intro-

duced by Ranking Member BACHUS, and I appreciate his support on this legislation.

This legislation is directed at ensuring that former employees of organizations like the New York Stock Exchange or the Financial Industry Regulatory Authority can be held accountable for any misconduct while an employee of these organizations.

Many provisions of Federal securities law which authorize the sanctioning of a person who engages in misconduct while associated with a regulated or supervised entity explicitly provide that such authority exists even if the person is no longer associated with that entity or has left his or her job. But there are confusing loopholes so that employees of some regulated or supervised organizations cannot be sanctioned by the SEC after they leave their positions. By clarifying the SEC's authority to sanction formerly associated persons, we ensure that employees are held accountable for their actions while in those positions even if they have moved on to another job.

Specifically, my legislation amends the Securities Exchange Act of 1934 and the Investment Company Act of 1940. Congress must ensure that the SEC has authority to investigate individuals suspected of violating the securities laws, to bring enforcement cases, and have those cases considered on the merits and not be dismissed on an ambiguity because a statute is confusing. No one should be able to violate the securities laws and resign their position knowing that the SEC cannot proceed against them. My legislation does not expand or alter the SEC's current authority; it clarifies it.

One illustration of the need for this legislation is in the case of Sal Sodano, who was chairman and CEO of the American Stock Exchange, AMEX. On March 22, 2007, the SEC charged Sodano with failing to enforce compliance with the Exchange Act during his term as the AMEX chairman and CEO; however, the SEC's filing occurred after Sodano left the AMEX in 2005. So his lawyers pointed to this loophole in the Federal law that the SEC could only sanction individuals while they were still associated with the organization.

The SEC's administrative law judge noted that the current law does not provide for sanctioning of a former officer or director. The judge specifically noted that Congress has drafted many statutes that allow the ability to sanction individuals formerly associated with any number of entities, but not in this case. By passing H.R. 2623, Congress can close this loophole and ensure accountability for individuals working at regulated or supervised entities.

I urge my colleagues to support this legislation, which will provide more accountability, transparency, and efficiency in securities regulation.

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

GENERAL LEAVE

Mr. FRANK of Massachusetts. Mr. Speaker, first I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks and include extraneous material on this bill and the preceding bill, H.R. 3139.

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

There was no objection.

Mr. FRANK of Massachusetts. I congratulate the gentleman from California on his work.

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

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Massachusetts (Mr. FRANK) that the House suspend the rules and pass the bill, H.R. 2623.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

□ 1130

PROVIDING FOR CONSIDERATION OF H.R. 3326, DEPARTMENT OF DEFENSE APPROPRIATIONS ACT, 2010

Mr. POLIS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 685 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 685

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 2(b) of rule XVIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 3326) making appropriations for the Department of Defense for the fiscal year ending September 30, 2010, and for other purposes. The first reading of the bill shall be dispensed with. All points of order against consideration of the bill are waived except those arising under clause 9 or 10 of rule XXI. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chair and ranking minority member of the Committee on Appropriations. After general debate the bill shall be considered for amendment under the five-minute rule. The bill shall be considered as read through page 147, line 4. Points of order against provisions in the bill for failure to comply with clause 2 of rule XXI are waived. Notwithstanding clause 11 of rule XVIII, except as provided in section 2, no amendment shall be in order except: (1) the amendments printed in part A of the report of the Committee on Rules accompanying this resolution, which may be offered only in the order printed in the report, may be offered only by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, and shall not be subject to a demand for division of the question; (2) not to exceed eight of the amendments printed in part B of the report of the Committee on Rules if offered by Representative Flake of Arizona or his