monitor, and thus, have a potential conflict of interest. For the purposes of this review, we defined an affiliation as:

An organizational setting where, regardless of each firm's legal structure, a loan servicer, secondary market, other FFELP service provider, or any combination thereof, reported to the same senior management staff or board of directors (or its equivalent) as the guaranty agency.

An organizational setting where, regardless of each firm's legal structure, a loan servicer, secondary market, other FFELP service provider, or any combination thereof, shared at least one of its senior management staff or board of directors (or its equivalent) with the guaranty agency.

An instance where the guaranty agency, its parent, or management company held an ownership interest in, or was a member of (in the case of a nonprofit corporation), a loan servicer, secondary market, or any other organization that provided services to the FFELP.

An instance where an official of the guaranty agency, its parent, or management company held an ownership interest in any organization that provided services to the FFELP.

We recognize that some organizations that have a potential conflict of interest manage to prevent the conflict from harming the FFELP. However, our discussions with program officials revealed that those organizations that successfully manage the potential conflicts generally do so because of the efforts of key managers and employees. Consequently, replacing these key individuals with less conscientious managers and employees may significantly increase the risk of abuse.

SPECIFIC AFFILIATIONS THAT WE OBSERVED

The following paragraphs briefly discuss the organizational environment that exists at each guaranty agency we reviewed. Since the organizational structures are often very complicated, we have limited our discussion to a general overview. The guaranty agencies discussed in the following paragraphs correspond to those listed in the schedule found in Attachment A and the matrix shown above.

GUARANTY AGENCY A

This guaranty agency has a parent corporation that operates the guaranty agency, a loan servicer, and a secondary market as separate corporations under its umbrella. Each of the four corporations has a separate board of directors. However, at least one individual serves on all four boards, and several individuals serve on three of the four boards. Additionally, at least two individuals serve as officers in all four corporations, and several individuals serve as officers in three of the four corporations.

Until November, 1992, the secondary market activity was a departmental function of the guaranty agency. In November 1992, the secondary market was incorporated as one of the above mentioned companies. The guaranty agency plans to transfer some of its employees to its newly formed secondary market.

Approximately 84 percent of the secondary market's portfolio, and 79 percent of the loan servicer's portfolio are guaranteed by their affiliated guarantor.

GUARANTY AGENCY B

This guaranty agency underwent sweeping organizational changes in 1992. At the time of our review the changes were not completely finalized. Generally, the end result will be a management company which operates 1) a guaranty agency, 2) a nonprofit FFELP service provider that provides supporting services such as account management, litigation services, and loan disbursement services to the guarantor, and 3) a for-profit FFELP service provider that provides some of the same supporting services to the guarantor as its nonprofit counterpart. The new management company owns all of the stock of the for-profit FFELP service provider, and the two corporations share at least one board member.

The above corporations work very closely with three other organizations that were previously founded by the guaranty agency. These three firms are 1) a loan servicer, 2) a secondary market, and 3) an educational resource firm. Although the secondary market and the educational resource firm were legally separated from the guaranty agency, they continue to share common board members with the new management company mentioned above. The management company holds 25 percent of the stock of the loan servicer, and the two corporations share board members.

Approximately 55 percent of the secondary market's portfolio, and 69 percent of the loan servicer's portfolio are guaranteed by their affiliated guarantor.

GUARANTY AGENCY C

This guarantor, along with a loan servicer and secondary market, is operated as a division of a larger agency. There is no separate legal structure for the guarantor, loan servicer, or secondary market. All three divisions report to the same senior management and board of directors. Approximately 71 percent of the secondary market's portfolio, and 60 percent of the loan servicer's portfolio are guaranteed by their affiliated guarantor.

GUARANTY AGENCY D

This guaranty agency is operated by a state commission that is appointed by the Governor. The State Commission, along with its Executive Director, is responsible for operating the guaranty agency and the secondary market. The State Commission has only one board of commissioners to oversee the guaranty agency and the secondary market.

Approximately 99 percent of the secondary market's portfolio is guaranteed by its affiliated guarantor.

GUARANTY AGENCY E

This guaranty agency is a component of a state authority that manages all the Federal and state student loan programs. A separate state authority operates the secondary market. However, the management and board of the two authorities are the same.

Approximately 100 percent of the secondary market's portfolio is guaranteed by its affiliated guarantor.

GUARANTY AGENCY F

This guaranty agency is housed together with a loan servicer at the same state agency. There is only one board of commissioners for the guaranty agency and the loan servicer, and both are served by the same senior management staff.

Approximately 100 percent of the loan servicer's portfolio is guaranteed by its affiliated guarantor.

GUARANTY AGENCY G

This guaranty agency is a division of a larger corporation. The corporation has a guaranty agency division and a FFELP servicing division. The guarantor and servicer are managed by separate corporate vice presidents. The president of the corporation also holds the offices of Chairman of the Board of Directors, Chief Executive Officer, and Treasurer.

Approximately 100 percent of the loan servicer's portfolio is guaranteed by its affiliated guarantor.

GUARANTY AGENCY H

This guaranty agency provides FFELP servicing to participating lenders and secondary markets. The loan servicer is part of a division of the guaranty agency that reported to the Senior Vice President of Operations. The guaranty agency claims that it began phasing-out its loan servicing activities in the spring of 1989. However, it still retains a significant servicing portfolio.

Approximately 95 percent of the loan servicer's portfolio is guaranteed by its affiliated guarantor.

GUARANTY AGENCY I

This guaranty agency has a parent company that is the sole member (or shareholder) of both the guaranty agency and the secondary market. In this case, all three organizations are separate nonprofit corporations. The parent company is the employer with respect to virtually all of the staff of the guaranty agency and the secondary market, and provides the staff to its subsidiaries under a management contract.

The three companies have separate boards. However, the two presidents of the guaranty agency and the secondary market also serve on the board of the parent company. In fact, the Chairman of the Board of the parent company is also the president of the secondary market. This same person is the 100% owner of a for-profit company that was paid approximately $900,000 in 1991 to provide services to the guaranty agency and the secondary market.

Approximately 52 percent of the secondary market's portfolio is guaranteed by its affiliated guarantor.

GUARANTY AGENCIES J, K, & L

Our inquiries did not lead us to conclude that the above guarantors were affiliated with a loan servicer, secondary market, or other FFELP service provider.●

AUTHORIZING THE TAKING OF A PHOTOGRAPH IN THE CHAMBER OF THE U.S. SENATE

Mr. GREGG. Mr. President, I ask unanimous consent that the Senate proceed to Senate Resolution 87, submitted earlier today by Senator DOLE, and that the resolution be agreed to and the motion to reconsider be laid upon the table.

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

So the resolution (S. Res. 87) was agreed to, as follows:

Resolved, That paragraph 1 of Rule IV of the Rules for the Regulation of the Senate Wing of the United States Capitol (prohibiting the taking of pictures in the Senate Chamber) be temporarily suspended for the sole and specific purpose of permitting the National Geographic Society to photograph the United States Senate in actual session on a date and time to be announced by the Majority Leader, after consultation with the Minority Leader.

SEC. 2. The Sergeant at Arms of the Senate is authorized and directed to make the necessary arrangements therefor, which arrangements shall provide for a minimum of disruption to Senate proceedings.

MEASURE READ FOR THE FIRST TIME—H.R. 988

Mr. GREGG. Mr. President, I inquire of the Chair if H.R. 988 has arrived from the House of Representatives.