the House bells system, I missed one vote on the House floor.

Had I been present, I would have voted ''yes'' on roll call vote 393 to pass H.R. 2217, a bill making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 2002, and for other purposes.

HATE CRIMES IN AMERICA

SPEECH OF

HON. LYNN N. RIVERS

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 14, 2001

Ms. RIVERS. Mr. Speaker, I rise today to out against hate crimes. Following the events of September 11, there has been a sharp increase in hate crimes against Muslim and Arab Americans across the country. Some reports indicate that as many as 400 incidents have occurred in the past two months, six of which have resulted in death. This exponential increase in bias based violence is deplorable.

In my home state of Michigan, there have been numerous hate based incidents including assaults, vandalism, threats, harassment and discrimination. Michigan is home to thousands of Muslim and Arab Americans who have proven to be great assets to their respective communities and to the state. I am disheartened that any of my fellow Michigan citizens have been wrongly associated with the acts of a few criminals.

Mr. Speaker, while we as a nation consider the possibility of further terrorist attacks, it is imperative that we not forget that fear and violence exists right in our local communities. We must not ignore the fact that citizens in our communities are being targeted because of their faith or appearance. Hate is not an American value.

I recall President Harry S. Truman who said ''Intense feelings often obscure the truth.'' We cannot allow the horrible events of September 11 to do so.

RETIREMENT SECURITY ADVICE ACT OF 2001

SPEECH OF

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 15, 2001

Mr. LAFALCE. Mr. Speaker, I rise in opposition to H.R. 2269, the ''Retirement Security Advice Act of 2001,'' as reported by the Committees on Education and the Workforce and Ways and Means.

Before explaining the reasons for my opposition, I want to first commend the Committees for recognizing the need for better education, professional investment advice and financial choice for tens of millions of our citizens who now participate directly in our financial markets—in unprecedented numbers—through their pension plans.

Nevertheless, I must oppose the bill in its present form because it would remove and reduce fundamental anti-conflicts of interest protections in the Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code of 1986. This bill would expose pension plan participants to the same conflicts of interest, and potential for abuse, that investors are facing elsewhere in the securities markets. The dot.com speculative bubble, fueled largely by the recommendations of firms with multiple conflicts of interest, enticed millions of normally cautious and conservative investors—as well as pension plan participants—to roll the dice with their investments and retirement savings and come out losers.

We know now that this boom was based in considerable part on egregious and sometimes biased accounting irregularities, phony financial statements, and self-interested recommendations from investment banking and other financial services firms. The full magnitude of the violations of law and trust by investment professionals will not be known until the Securities and Exchange Commission completes the many investigations now underway, private litigation is completed, and Congress continues its oversight of industry excesses and regulatory breakdowns. But this much is known now—investors have seen trillions of dollars in savings vaporize. In human terms, the toll is immeasurable—retirements postponed, vacations cancelled, and weddings and educations delayed.

By lowering the anti-conflict of interest safeguards in current law that have protected employees and retirees since 1974, I am afraid that H.R. 2269 may well open the door to similar problems for pension plan participant. ERISA has proved remarkably effective in protecting pension benefits for America's private sector employees as well as the integrity of privately managed benefit plans. This is particularly true for ''defined benefit plans'' that were the norm in 1974. Since then, particularly in recent years, there has been a dramatic shift toward ''defined contribution'' plans in which workers and their employers contribute to individual accounts, and within a range determined by the pension plan sponsor, choose how to invest that money.

An estimated 42 million employees now participate in defined contribution plans. This means the employees, not the employer, assume a high degree of responsibility for managing their funds. Retirement aspirations and plans depend largely on the prudence and wisdom of their investment decisions. Too often, individual plan participants do not fully understand the investment risks and rely heavily on others for advice, often to their financial detriment. The decline and volatility of the stock market, particularly the precipitous decline in the technology sector, has eroded the value of even the most professionally managed mutual funds. And everyone with a 401(k) retirement account, as well as Federal employees participating in the common stock fund of the Thrift Savings Plan, have seen the value of their accounts plummet by as much as 25 per cent or even more.

H.R. 2269 is intended to address the real need of employees and workers for better investment advice and services. Unfortunately, the bill goes too far in attempting to accomplish this goal. By weakening ERISA's safeguards against conflicts of interest, this bill would remove some of the oldest, most effective and prophylactic protections ever enacted by Congress to protect employees and their retirement savings. H.R. 2269 would allow benefit plans to contract with one firm to both manage participant's investment funds and to provide those same participants with personalized investment advice. In other words, it would permit conflicted investment advice—which is now prohibited by ERISA—and substitute a disclosure regime, similar to the Federal securities laws.

I find this feature of the bill very troublesome. Disclosure is inadequate. The Financial Services Committee held numerous hearings earlier this year on the shortcomings of disclosure as an investor protection device in the area of financial analysts. Regrettably, as even the SEC and many industry leaders have concluded, disclosure is more often used to conceal or obfuscate the existence of conflicts rather than to alert or forewarn consumers. In June, the Committee began examining the very important question of whether investors are receiving unbiased research from securities analysts employed by full service investment banking firms. We learned that investors have become victims of recommendations of analysts who have apparent and direct conflicts of interest relating to their investment advice.

While apparently permitted by the SEC and the securities laws, boilerplate and tedious disclosures concerning conflicts leave investors often unaware of the various economic and strategic interests that the investment bank and the analyst have that can fundamentally undermine the integrity and quality of analysts' research. (The disclosure of these conflicts is often general, inconspicuous and even unintelligible. In addition, current conflict disclosure rules do not even reach analysts touting various stocks on CNBC or CNN.)

Recognizing the magnitude of the problem, as well as the inadequacies of the current disclosure framework, several major investment banking firms acted aggressively to protect investors as well as attempt to restore the confidence of their customers in the quality and objectivity of their financial analysis. For example, Merrill Lynch and Credit Suisse First Boston banned their analysts from owning stock in companies they cover. And Prudential Securities actually exited the investment banking business and is using its lack of conflicts as a marketing tool to attract retail brokerage business.

In my view, disclosure requirements, although positive, are still woefully inadequate to confront the systemic conflicts of analysts that necessarily taint advice, skew the market and ultimately harm investors. I continue to believe SEC rulemaking and direct SEC regulation is required to protect investors from serious conflicts of interest. And I am disappointed that new SEC Chairman Pitt, speaking to a securities industry trade association last week, said ''I don't think there is any inherent need for a prohibition against an analyst owning stock'' and then expressed his ''confidence that Wall Street firms will come up with solutions that are in the best interests of investors.''

I don't think Wall Street firms are the best protectors of investors or other consumers or pension plan participants. History—recent history, not ancient history—teaches us otherwise.

I agree with the premise of H.R. 2269 that investors, including employees participating in defined contribution plans, need better information, investment advice and alternatives. But I believe they need them from objective,