

EXTENSIONS OF REMARKS

IN HONOR OF THE 2ND CONGRESSIONAL DISTRICT ACADEMY NOMINATION COMMITTEE

HON. GREG WALDEN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Thursday, January 24, 2002

Mr. WALDEN of Oregon. Mr. Speaker, I rise today to express my immense gratitude to the academy nominating committee that assists me in selecting the best and brightest young people in central, southern and eastern Oregon for nominations to our nation's military academies.

As I'm sure my colleagues would agree, one of the greatest honors I have as a Member of Congress is the privilege of nominating outstanding young men and women from my district to the United States Military, Naval, Air Force, and Merchant Marine Academies. Not only do these prestigious institutions offer the finest education in the world, but they also provide an avenue to one of the most honorable forms of public service available to our citizens: the opportunity to serve in the United States armed forces. Graduates of these institutions serve not only as the leaders of our nation's military, but also in high positions of civic and social responsibility in later life.

Mr. Speaker, given the tremendous investment our government makes in these young men and women and the faith the nation places in them after their graduation, nominating the most qualified candidates to America's military academies is an important responsibility. For this reason, in the process of selecting nominees I seek the guidance of men and women whose patriotism, professionalism, and judgment are beyond reproach. I am immensely fortunate to have the assistance of a number of retired military officers in my district who personify these virtues.

In the process of selecting candidates for nomination, I have called upon the expertise of the following outstanding retired military officers to assist me:

The Oregon 2nd Congressional District Academy Nomination Committee:

Major General David S. Trump, USAF (Ret.)

Colonel Linda Sindt, USAF (Ret.)

Colonel Thomas G. Foster, USA (Ret.)

Captain Bud Hart, USN (Ret.)

Captain Sam Edelstein, USN (Ret.)

Colonel Norman Smedes, USAF (Ret.)

Captain Robert J. Trott, USN (Ret.)

Mr. Speaker, these dedicated individuals have served their fellow citizens selflessly in their careers as professional military officers, and their service to the nation continues in this new capacity. Drawing from their considerable experience, they assist me in selecting candidates who understand and appreciate the gravity of the pursuit they are undertaking. The members of the nominating committee spend countless hours reviewing each candidate's record and conducting extensive interviews to enable me to choose the best of the best. They are both thorough and demanding

in ensuring that the candidates they recommend bear the qualities that will be of value to the services they hope one day to join.

At a time when our nation is being tested as it has never been tested before, we are more mindful than ever of the need to identify and invest in the future leaders of our nation's military, the men and women who safeguard the very mantle of freedom under which we rise and sleep. I am grateful to have the guidance of these experienced officers who have, through their own outstanding military careers, demonstrated the qualities we seek in academy nominees. Our country will reap the benefits of their service for many years to come.

EMERGENCY WORKER AND INVESTOR PROTECTION ACT OF 2002

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, January 24, 2002

Mr. RANGEL. Mr. Speaker, we have all seen the press reports about how many of the employees of Enron lost virtually all of their retirement savings because of the Enron collapse. While the retirement savings of the rank and file Enron employees were disappearing, the corporate insiders sold millions of dollars worth of their Enron stock. The corporate insiders were able to sell their stock even though those insiders continued to promote Enron stock as a sound investment to the rank and file employees. In addition, Enron placed substantial restrictions on the ability of the rank and file employees to sell the Enron stock held in their retirement plan.

The Republican leadership has made it clear that it is willing to act promptly, without hearings, when providing large benefits to corporations. This Congress enacted an airline bailout bill promptly without hearings while making promises to help airline workers later. The House of Representatives passed legislation last year, without hearings, that would have provided a cash payment to Enron of over \$250 million. The House passed legislation protecting the insurance companies from claims in future terrorist attacks, again without hearings and also with further promises to provide worker benefits later.

Now, I ask the Republican leadership to permit prompt consideration of legislation to protect workers from another Enron-like incident. Workers should be entitled to the same consideration as large corporations.

The bill that I am introducing today along with Minority Leader GEPHARDT and others contains two provisions that I believe can and should be enacted immediately. The bill does not pretend to be the final answer to the issues raised by the Enron collapse. However, it will provide interim protection for workers. It ensures that the employees of a company will have the same ability to sell stock in company that the corporate insiders have. It also will help ensure that companies provide workers

and shareholders with accurate information about the true liabilities of the company so that they can make informed decisions as to whether to hold or sell that company's stock.

Mr. Speaker, I fully support investigations and hearings on the Enron situation. We need to fully understand what Enron did and how it was permitted to do it, in order to formulate a comprehensive legislative response. However the investigations, hearings, studies, and task forces should not be an excuse to delay immediate action designed to protect millions of employees as well as shareholders.

I believe there is some risk that Enron and its accounting firm may have been successful in destroying documents necessary for the investigations. I would note that there is one set of documents that Enron and its accountants did not destroy, namely Enron's tax returns. The executives from Enron have stated that the destruction of documents was contrary to their express instructions. If those executives are serious in desiring a full investigation, laying out all facts available, then they should release immediately Enron's tax returns for public examination. Those could be the only documents remaining that would fully disclose what happened to Enron and who is responsible.

Mr. Speaker, this is not the last bill that I will introduce as a result of the issues arising from the Enron case. As we learn more about specific problems that should be addressed, I will urge my colleagues to consider additional proposals. For example, recently there have been press reports that Enron enhanced its guaranteed retirement benefits for its executive officers while it was reducing or eliminating guaranteed pension benefits for rank and file workers. There may be need for legislation to prevent such an abuse in the future. In addition, it is clear that certain areas in our pension system need to be addressed to provide a greater level of retirement security to workers.

Following is a brief description of the bill I am introducing today.

SHORT-TERM WORKER PROTECTIONS

Enron employees suffered large losses on their investments in Enron stock because Enron placed restrictions on sales of its stock held by employees in section 401(k) plans. Indeed, during the critical period within which Enron collapsed, it prohibited all sales of stock in its 401(k) plans.

During the early 1980s Congress enacted legislation to respond to certain corporate transactions where insiders received large payments, called "golden parachutes." They were called golden parachutes because they enabled the insiders to bail out with extraordinary sums of dollars, often leaving a weak or bankrupt company behind. The legislation imposed a 20 percent excise tax on those payments.

My bill would extend the golden parachute excise tax to sales of corporate stock by corporate insiders during periods when rank and file employees of the company are not able to freely sell the company stock held their 401(k) accounts.

This portion of the bill would be temporary (in effect for 6 months). It is designed to force

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Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

a comprehensive legislative solution that protects workers. Currently, congressional delay protects corporate interests while leaving rank and file workers at risk. I wish to reverse that dynamic.

I believe that it is a matter of simple fairness that corporate insiders should not have greater freedom to sell their stock than the freedom that those insiders decide to grant to their employees.

ELIMINATE TAX SUBSIDIES FOR INACCURATE ACCOUNTING

The Wall Street Journal in an article on Monday, January 14, noted that "some of the world's leading banks and brokerage firms" provided Enron with crucial help in creating the intricate—and, in crucial ways, misleading—financial structure that fueled the energy trader's impressive rise but ultimately led to its spectacular downfall."

The article failed to note that tax lawyers also provided crucial assistance by their creation of hybrid instruments that are treated as equity for shareholder reporting but are treated as debt for tax purposes. Those instruments permit companies, in effect, to borrow money with tax deductible interest while excluding the borrowing from total liabilities when reporting to shareholders.

Companies use these hybrid instruments, rather than traditional borrowing, only because the hybrid instruments permit the company to understate its liabilities when reporting to shareholders. The hybrid instruments typically have greater underwriting costs and interest rates than those that would have occurred on a traditional borrowing.

Enron used these instruments to a fairly large extent. The footnotes to the balance sheet in Enron's last financial statement disclosed that it had somewhere between \$700 million and \$2 billion of these instruments. In addition, press reports indicate that Enron also had at least an additional \$1.2 billion of these transactions that were not disclosed in the financial statement.

In 1996 and 1997 the Clinton administration proposed eliminating tax deductions for interest on debt instruments when the corporation showed the instruments as equity on its books. If the congressional Republicans had permitted action on that budget proposal, we might not have seen the spectacular rise and collapse of Enron.

My bill would deny the deduction for interest on instruments that the company treats as debt for tax purposes but does not include in its liabilities when it reports to shareholders. The bill would apply only when the proceeds of the borrowing are included in the assets of the corporation for shareholder reporting purposes. Therefore, it does not apply to borrowings by off-balance sheet entities where both the liability and the proceeds of the liability are not shown on the company's balance sheet. The bill only applies to corporations that file certified financial statements with the SEC, and it is prospective.

Providing workers with the right to freely transfer employer stock is not sufficient if the employer's financial statements do not accurately reflect the company's financial position. I do not understand why the tax laws should subsidize companies attempting to hide liabilities when reporting to shareholders.

I am open to other ideas and solutions. I welcome additional suggestions and promise to work with any Member of Congress who want to protect workers and shareholders. I

urge that we move quickly to provide some protections now while we study additional measures we may wish to undertake in the future.

THE INTRODUCTION OF THE ENRON EMPLOYEE PENSION RECOVERY ACT

HON. MAXINE WATERS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, January 24, 2002

Ms. WATERS. Mr. Speaker, today I rise to introduce the Enron Employee Pension Recovery Act. This legislation will enable Enron employees who lost their retirement savings to recover more of their lost assets.

When the Securities and Exchange Commission brings an action against a company or individual, any ill-gotten gains are placed in a disgorgement fund, and the proceeds are distributed to the victims of the wrongdoing. It is very likely that the disgorged profits of Enron executives will not begin to cover the losses experienced by Enron employees.

These employees were encouraged to heavily invest in Enron stock, and were not permitted to divest when the stock value was plummeting. My legislation would provide that the Enron disgorgement fund contain not only the disgorged profits of the wrongdoers, but also any civil penalties that are levied. In addition, my bill alters the Federal Election Campaign Act to permit elected officials to contribute to this fund from their campaign accounts. In this way, the hundreds of thousands of dollars that were contributed by the officers of Enron can be used to benefit the employees.

My legislation would work within an existing structure to ensure that real relief is granted to these employees who lost both their jobs and their retirement savings while the officers and directors profited. In addition, the staggering sums that were contributed to politicians by the officers and directors of Enron, can be redirected to benefit these employees. I urge all of my colleagues to join me by cosponsoring the Enron Employee Pension Recovery Act.

A TRIBUTE TO REVEREND BARBARA CRAFTON

HON. JERROLD NADLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, January 24, 2002

Mr. NADLER. Mr. Speaker, I rise today to honor Rev. Barbara Crafton, Rector of St. Clement's Episcopal Church in New York City, for her consummate service to the Hell's Kitchen community. During her 6 years at St. Clement's, Rev. Crafton has consistently and passionately served this community with grace and compassion. As a member of the Mayor's Office of Midtown Enforcement and a member of the Board of Directors of Integrity, an organization of gay and lesbian Episcopalians, Mother Crafton is an extremely valued and well-respected community leader.

In response to the tragic events of last year, Rev. Crafton has been an active volunteer at Ground Zero, providing meals and ministering

to the needs of rescue workers. Included among the many programs and events initiated by Rev. Crafton is "A Celebration of Heroism and Strength," which benefited the families of the heroes of September 11. In addition to providing unwavering support to her community, Mother Crafton is also a nationally acclaimed author, actress and director.

Barbara Crafton is a passionate, empathetic, and caring priest as well as a devoted and loving mother, wife, and grandmother. Her dedication to our community has been felt far from the confines of St. Clement's. Due to issues of health it is no longer possible for Rev. Crafton to serve as the Rector of St. Clement's. We know that the recuperation of Mother Crafton is of the utmost importance at present, and we wish her a full recovery and the best of luck in all her future endeavors.

AWARDING A CONGRESSIONAL GOLD MEDAL TO SAMMY DAVIS, JR.

HON. ALCEE L. HASTINGS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, January 24, 2002

Mr. HASTINGS of Florida. Mr. Speaker, Sammy Davis, Jr., was more than a brilliant entertainer, he was a showbiz iconoclast—a breaker of barriers and a man who proved that talent, sheer talent, is the measure of greatness.

Mr. Speaker, Sammy Davis, Jr., has left behind a rich body of work, such as his legendary "Candy Man", from his various film credits—including his portrayal of Sportin' Life in the 1959 film "Porgy and Bess" and his role as a veteran hooper in his last move "Tap" in 1989. Also to his credits can be added some 40 albums and appearances in more than 20 films.

Mr. Speaker, Sammy Davis, Jr., was a versatile and dynamic singer, dancer, and actor who for over 60 years overcame extraordinary obstacles to become a leading American entertainer. He will forever be missed and remembered for years to come.

AMERICA'S NEED FOR MISSILE DEFENSE

HON. BOB SCHAFFER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, January 24, 2002

Mr. SCHAFFER. Mr. Speaker, though America boasts the world's most lethal and sophisticated military, the U.S. is unable to defend itself against even one long-range ballistic missile. Should an offensive missile launch be perpetrated against America today, the public could only stand by helplessly as each missile streaks toward its target. In the case of a nuclear attack, the devastation would be unlike anything the world has ever seen.

This reality should be the cause for prudent action, not hysteria. The recent decision by President George W. Bush to withdraw the United States from the 1972 Anti-ballistic Missile (ABM) Treaty was a thoughtful, balanced decision, however overdue. The ABM Treaty was conceived under different international circumstances with a country that no longer exists.