

known inside the Beltway, is also helping underwrite a television ad campaign touting the GOP's prescription drug plan.

Pfizer, Inc., contributed at least \$100,000 to the event, enough to earn the company the status of a vice chairman for the dinner. Eli Lilly, Bayer AG and Merck & Company each paid up to \$50,000 to sponsor a table. Republican officials said other drug companies donated money as part of the fund-raising extravaganza.

"Every company giving money to the event has business before Congress. But the juxtaposition of the prescription drug debate on Capitol Hill and drug companies helping underwrite a major fund-raiser highlights the tight relationship lawmakers have with groups seeking to influence the work before them.

"A senior House GOP leadership aide said yesterday that Republicans are working hard behind the scenes on behalf of PhRMA to make sure that the party's prescription drug plan for the elderly suits drug companies."

I am not going to continue to read. But in conjunction with all of this, what is the Republican leadership hoping for? They passed the bill. They are going to go over now to the other body and the other body is going to start the debate, and I hope that the other body comes up with a Medicare plan. But what we are going to see over the next few months, and it has already started, is a huge ad campaign financed primarily by the pharmaceutical industry, to try to convince the American public through TV and other media outlets that the Republican plan is the best bill.

It has already started. The United Seniors Association which is basically a senior group that is put together by PhRMA, the pharmaceutical trade group, they launched a \$3 million ad campaign before the debate touting the House GOP prescription drug plan which is based on, as I said, private insurers offering prescription drug coverage.

□ 2000

PhRMA spokeswoman Jackie Cottrell admitted they had recently given United Seniors Association an unrestricted grant. According to the Associated Press, several Republican officials speaking under condition of anonymity said they understood that the Pharmaceutical Research and Manufacturers of America have provided the funds for the commercials.

Again, this is all in black and white. This is all easily documented. And I just think it is very sad. I think it is very sad that we ended up passing a Republican bill that is nothing more than a sham, something put out by the prescription drug industry so that the Republican leadership can say they have done something. We are talking about a Republican bill that will not work. Even if it did, the benefit is clearly inadequate, and I just think it

is very sad that we are here now; and after 2 years of myself and other Democrats talking about the need for a prescription drug plan that all we ended up with was something that is basically a bone for the prescription drug industry and which is probably going nowhere because it will not be taken seriously by the other House and never become law.

But I think we have to continue to speak out; we have to continue to point out that this is a major issue, that the price of prescription drugs will continue to rise, that more and more seniors will not be able to buy their prescription drug medicine and that something needs to be done that is real that is going to make a difference for them. And I would hate to see this just become a campaign issue. I would much rather that this were an issue that was resolved and that actually ended up with a benefit that passed both Houses and that went to the President and was signed into law. But I do not see that happening.

So, Mr. Speaker, I will conclude tonight, but I do intend to continue to bring this up over the next few weeks or the next few months because I think it is important that my colleagues understand that those of us on the Democratic side have not given up in trying to provide a real prescription drug benefit for seniors under Medicare and that as much as there may be ads and paid advertisements telling the American public that the Republican plan will accomplish something, that there needs to be voices here in the House of Representatives that say it will not and that it is just paid-for ads for a meaningless proposal and that at some point we will get together on a bipartisan basis and pass a meaningful prescription drug benefit that will actually provide a difference for America's seniors.

#### ENCOURAGING TOURISM IN COLORADO

The SPEAKER pro tempore (Mr. KIRK). Under the Speaker's announced policy of January 3, 2001, the gentleman from Colorado (Mr. MCINNIS) is recognized for 60 minutes as the designee of the majority leader.

Mr. MCINNIS. Mr. Speaker, I hold deep respect for the gentleman from New Jersey (Mr. PALLONE), and I find his comments on some occasions to have substantial merit. But let me tell you, having just heard his comments this evening, that was probably one of the most partisan speeches I have heard on this House floor. The gentleman from New Jersey stands up here and acts as if the Democratic Party takes no contributions and as if taking contributions is some kind of evil. I would be happy to yield time to the gentleman if he would like to come up and explain the trial lawyers in this country, where their proceeds go.

It is very easy when you are not charged with getting the mule train up

the mountain, it is very easy to sit on sidelines, as the gentleman from New Jersey (Mr. PALLONE) has done, and criticize the people who have to get that wagon up the mountain. It is always easy when you are not the one having to push or pull the wagon. It is always easy to sit on the wagon and demand more from the mules that are pulling that wagon.

I found those remarks almost outrageous, almost outrageous. Outside of the person who spoke them, who has, in my opinion, a great amount of integrity, that is the only thing that saved these remarks that we have just heard from being outrageous. Where was the gentleman from New Jersey when it was time for a bipartisan, not a partisan, effort, but a bipartisan effort to put a prescription care bill together? All we see is after we finally get something done, after finally this House begins to move on prescription care services, we always have the Monday morning quarterbacks that show up, and today happens to be Monday evening, so the Monday evening quarterbacks that show up and say, oh, my gosh, this was not right, you should have done this, you should have done that. But you never saw a shovel in their hands. You never saw them helping to dig the ditch. All they do is sit back there under the shade tree criticizing the people that have to dig the ditch. So I hope that we hold those comments in their proper context, and frankly in the future I would expect more from a gentleman of that capability and that integrity.

I want to move on to a couple different subjects this evening that I think are very important. First of all, as many of my colleagues know, I come from the State of Colorado. My district is the Third Congressional District of the State of Colorado, and all the substantial fires in Colorado are in the Third Congressional District and some of the damage by the fire of course has gone beyond the borders of the third district. It certainly has impacted the people of the State of Colorado, and I do not mean to underestimate the damage that these fires caused in their particular areas.

But what I want to stress to my colleagues is a very, very small fraction of Colorado actually went into flames and burned down. What is happening, what we are seeing out in Colorado is we are seeing a lot of negative publicity about the damage that these fires did. And again if you owned a home out there that was destroyed by a fire, you could not get much more negative press coverage. Of course it is devastating to you and of course the loss is terrible, but as a State I think we need to put it in its proper proportion because the impact of the negative stories we are seeing about those fires in Colorado, and by the way, all of those fires are pretty well controlled right now. I think all of them but one are contained, but the publicity in the press that we are seeing as a result of those

fires is really impacting severely Colorado's tourism economy. So I want to tonight in front of my colleagues bring up this poster here and show the Colorado fire damage.

Now, according to what my colleagues have read in the media and so on and the pictures shown across the country, the belief would be that a huge amount of the State of Colorado is in flames. Take a very close look at this. It is the blackened areas of the State of Colorado which have been burned and this is a current poster. We have got some down in Durango. This is the big fire outside of Denver right there, and these other little spots, these little black spots including this spot here in Glenwood Springs, Colorado. Look at that in proportion to the rest of the State.

What I am saying is that Colorado is open for business. One can go to Colorado and have a terrific vacation. The mountains of Colorado are still as pristine as they were with the small exceptions of some of these black areas where we have suffered consequences of terrible fire. A couple forests, the Pike National Forest, have shut down temporarily pending more moisture; and we are worried about the fire hazard out there. You will be limited in that you cannot open a can of beans and cook them over an open fire out there in those Colorado mountains. You can use a Coleman stove or something else, but you cannot have open fires. But aside from that, Colorado is open for business.

Colorado has four national parks. They are open for business. The Air Force Academy is open for business. My good friend Bob Zimmerman and his crew down there in the valley with the sand dunes, soon to be a national park, the Sand Dunes National Park, soon to be funded this week we hope in an appropriations bill, which will be good news to Bob Zimmerman, they are open for business down there. Go see the sand dunes.

There is the Black Canyon National Park, open for business. The Colorado National Monument in Grand Junction, open for business. The Aspen Music Festival, open for business. The Steamboat community, and they have a great summer up there, open for business. Denver, the Denver Rockies, open for business.

By far, less than a fraction, less than a fraction of the land in the State of Colorado, was burned, well less than 1 percent. But if you want to help the people of Colorado who have suffered as a result of these fires, go ahead with your planned vacation.

Nothing is worse than having a negative impact upon you as a result of fire, and then turning around and losing your job because tourists have quit coming to Colorado. Colorado is open for business. It is a great place to visit. I would urge my colleagues to head for Colorado, if you get an opportunity, or talk to some of your constituents. Encourage them to go ahead and visit our great State.

Colorado is the highest place on the continent; the highest place on the continent. The low point in Colorado is higher than almost all of the high points in most of the other States. I think we probably have, I am not sure, but it is close, 65 mountains over 14,000 feet. Colorado has 56 of them. Colorado is the only State in the Union that has no water coming in. It is the Mother of Rivers. It is called the Mother State of Rivers. It is a natural beauty.

So if you have an opportunity, go visit the sand dunes, go visit the Air Force Academy, go to a Rockies game, go over in Glenwood Springs. Glenwood Springs, the mountains around it have some scars as a result of this fire, but that famous Hot Springs pool, still open for business. So I would hope that some of my colleagues give that their consideration and head for Colorado. It is a great State.

#### CORPORATE GREED

Now I want to change subjects entirely. The next subject I want to talk about is on the minds of a lot of people in America. It is on the minds of many of my colleagues here. Pretty simple. It is called corporate greed.

What has happened out there in the world of business in this fine country of ours? What has happened to the Adam Smith philosophy in "A Wealth of Great Nations," the book that he wrote, that really has been a guiding foundation for capitalism in America?

Well, one of the things that has happened is we have had a few, not a huge amount, but a few greedy individuals who have not only taken advantage, in my opinion, have taken criminal advantage of the public's trust, and I wanted to go through a few of those examples this evening. Because in order for capitalism to work as well as it has worked, in order for it to continue to operate, you have to have as an element of it, as a basic element of capitalism, as a basic element of our business system in this country, a business system that is admired throughout the world, you have to have as an element of it public integrity, integrity when you are dealing with the public's money; and that comes not only from the chief financial officer, not only from the chief executive officer, but it also is a fiduciary requirement of your board of directors.

Let me start by looking at the corporate structure as corporations are envisioned in America. A corporation is a legal entity. It is not a person; it is a legal entity. Remember, not all corporations are big. In fact, by far, by far the majority of corporations in this country are very, very small.

I will give you an example. My in-laws have a ranch. They are not big ranchers. They have a ranch. But because of corporate liability, they have incorporated their ranch. I know people who run an ice cream truck who incorporate their ice cream truck. So just because someone is incorporated does not mean they are large, and to throw the same blanket overall cor-

porations because of the misbehavior of a few individuals in a few corporations would be a big mistake to our free enterprise system.

You would be surprised if you just look out amongst your neighbors in the business world. Whether it is a Subway shop, whether it is some other kind of a trucking operation, a farming operation, you would be surprised how many of them are incorporated. So you must be careful before you criticize all of these corporate entities.

Now, in America we have what we call in the corporate structure as it is envisioned, as it has been practiced since corporations first came around, you have the president or the chief executive officer. Let us call it the chief executive officer of the corporation.

Now, a lot of people think that the chief executive officer is the top dog, that is the person, he or she is in charge of that company. Well, the reality of it is the CEO, your chief executive officer, answers to the board of directors.

The board of directors is the top element of management, so to speak. They kind of oversee. They set the policy for management. They set the long-term vision for the company. So, really, the most important entity in a corporation as far as management and as far as overall philosophy are not the executive officers like the president of the company or the chief executive officer of the company or the chief financial officer of the company. The most important aspect, in my opinion, is your board of directors.

Now, board of directors usually consist, in a typical corporation, of anywhere from, say, three, but your average board probably runs more between 20 and 30, members on that board of directors.

□ 2015

They meet on a regular basis, and within the average or the typical board of directors out there, they have subcommittees. They have an audit subcommittee, and that audit subcommittee's job is to oversee the management of the company, to be sure that the management of the company is following the general philosophy of the company as far as the audits, is following the law as far as the audits, and that the audits are making sense, that they are being performed. You have the executive committee of the board of directors which deals with executive compensation, and there are a lot of cases that we are going to question further in my remarks.

For example, how could the executive committee of Worldcom, which all of my colleagues know is right now on the verge of bankruptcy, how could the executive committee grant the CEO, the chief executive officer, a gentleman named Bernie Ebbers, a \$400 million loan. Worldcom is not a bank.

I saw an interesting article the other day, and the name of the author slipped my mind, but I want to give

credit to whoever that individual is. But they made a comparison to Donald Trump years ago and the troubles he got into as compared to the troubles people like Worldcom or Tyco or Xerox Corporation or K-Mart Corporation, the troubles they are into today, and it said, back then, Don Trump borrowed his money from the banks, and he was able to recover. Donald Trump actually made a pretty respectable recovery from the downfall that he took, but he dealt with banks.

What has happened in the meantime is these corporations have acted as banks. These board of directors have acted as banks. Frankly, they have put a bad name on all board of directors. They have put a bad name on all chief executive officers, and that is undeserved. We have a lot of companies in this country which operate in a very ethical fashion. We have a lot of them that operate a very efficient operation, and they have good products. But the only way for that to continue into the future is we have to have peer enforcement. We have to make it much more significant in this country to steal or take or borrow \$400 million from a company that you do not pay back, that you have more consequences as a result of that than you do when you go into Wal-Mart and you steal a candy bar and you get arrested for shoplifting. My concern right now is that some of these individuals will walk away with less of a punishment than would any one of us if we were to walk into a convenience store and steal a candy bar and get arrested for shoplifting.

This is an opportunity for our system to show that the system has self enforcement, to show that the system knows how to stay on the tracks; that when we have individuals that try and derail the train, individuals that try and derail the train, that the system has a way of pulling those people back into place, that the system has a method of punishment towards these people. There are a lot of people, there are a lot of employees that have suffered as a result of K-Mart's bankruptcy. Now, unfortunately, those employees that have suffered as a result of K-Mart's bankruptcy finally are not the chief executive officers, one who gave himself a loan the day before they filed bankruptcy. I am going to go through some of these different examples.

Now, a lot of people say, and politicians love to jump to this, they love to say, well, it is a Republican or Democrat. Let me tell my colleagues something. This has happened while the Democrats were under control, when Bill Clinton was in his office over there. Take a look at Sunbeam Corporation, Waste Management Corporation, and most of the numbers that have been, where the books have been cooked on these corporations that we are talking about today happened during the democratic administration. I heard the President today, under a Republican, our Republican President

today talking about the need that we have to crack down and crack down immediately on this, and he gave a bunch of different remedies.

My point here is not to get into a discussion whether the Republicans caused it or the Democrats caused it. Neither the Republicans nor the Democrats caused it. What caused it were some people with greed. I think many of these people acted in a criminal fashion. They are nothing but a bunch of thugs. That is exactly what they are. They are not thugs that were put out there by the Democratic Party. They are not thugs that were put out there by the Republican Party. They are just common, every day criminals who got put into the wrong position and they stole and stole and stole until they finally got caught.

Now, how interesting that some of these people, including Worldcom, today testifies up here on Capitol Hill about look, it was just an accounting problem. It was the accountants. This is during the same time, while they were here today testifying, a gentleman named Scott Sullivan, I think it is Scott Sullivan who was the treasurer for Worldcom, or their chief financial officer for Worldcom, and let me get the name exactly correct here. Yes, Scott Sullivan. He was the chief financial officer. While he was on Capitol Hill today, while he was on Capitol Hill today, refusing to talk to the United States Congress about what went wrong at Worldcom, why thousands, tens of thousands of people will lose their jobs, while he was refusing to talk today, here is what he was having built in Florida. Take a look at this. This home here is about a \$15 million to \$20 million home, 24,000 square feet. You could park many, many semis in these different structures. That is this 40-year-old's home in Florida on a lake, on a private lake that is being built out there. This is an individual who paid himself out of Worldcom, out of public, out of the public's investment money, paid himself the kind of salaries and bonuses to allow him to build a \$15 million to \$20 million home. And he anticipated, continuing to go ahead and, in my opinion, rob the people of this corporation on a continuing basis. Just think of the heating bill on this place every month. Think of the taxes on this place. The taxes are probably \$10,000 or \$20,000 every month. Where does he get the money? Go to the shareholders. Fudging the books, cooking the books. That is what we have going here.

When we have a criminal in our midst, we have to point him out. But because we have a group of several thousands and thousands of people, and in our country, thousands and thousands of people do business in our country. When we find a crook, people will become convinced that all of you are crooks if you do not do something about the crook you can get your hands on. We have an opportunity right now, the United States Congress,

the Securities and Exchange Commission, the Justice Department, and the President, who has obviously showed his intent; we have this opportunity to get our hands around the crooks. And the society, society today is looking to us to be responsive and to do something to get these people out of our midst, to make sure that we do not have future frauds like this one that just is taking place.

Now, I could care less about the \$15 million home; what I care about is the 15,000 jobs. Do we think anybody else besides Scott Sullivan and his fellow executives get to walk away from a job to a home like that? How many Worldcom employees today are without a job and without any future potential for a job because of the greed practiced within the corporate board room, and within the executive offices of Worldcom, Incorporated? Look, I do not just want to pick on Worldcom. Let me talk about a couple of others here.

ImClone Systems. These are the people that find out on Wednesday that their magical cure for cancer will not be certified because it does not cure cancer, and so immediately they start selling stock before they are forced to make the announcement on Friday. There is the case where we heard about Martha Stewart. Whether or not Martha Stewart had inside information, who knows? But it is highly suspicious, that just out of the blue sky, Martha Stewart gets the message, or decides the day before the announcement is made that the stock is going to collapse, the day before, hours before, she sells that stock to some unsuspecting buyer out there. It was not just Martha Stewart that sold her stock on that day. Interestingly, the President of the company made sure his daughter sold her \$2.5 million or \$3 million worth of stock that day, and made sure the father sold his stock that day, and the stock broker himself, what a coincidence that all of his friends who had heavy investments in this company sold their stock on December 27 and the announcement was made on December 28.

Mr. Speaker, if the SEC finds out, and I suspect that they probably will, that these individuals dealt on inside knowledge, the hammer ought to come down. The hammer ought to come down. Because if it does not, the credibility of the entire system, of the free enterprise system of our country comes into question.

We are presented with an opportunity here. We are presented with an opportunity in the business world of this Nation, in the political world of this Nation that when somebody misbehaves like this, when somebody takes advantage of the public's trust and, in essence, steals from the public, we have the wherewithal and we have the courage to go get them. That is exactly what was expressed by our President today. This President is very focused and very intent on getting these people in a ringer, and that is exactly what we have to do.

Let me talk about a couple of other corporations. Xerox Corporation. When I grew up, everybody trusted Xerox Corporation. And they have restated twice in the last 2 weeks. We notice that they never state positive news. Everything these people are coming out with is negative. And it costs who? Not the chief executive officer; it costs the shareholders and employees of these companies.

Enron; of course, we know about Enron. But it is kind of amusing to hear Andrew Fastow, he set up these quiet, secret corporations, secret partnerships, although he actually got the approval of the board of directors, and it was very interesting that the U.S. Senate report was very critical of these board of directors, and justifiably so. It is the board's responsibility to make sure that you do not have an Enron Corporation, somebody like an Andrew Fastow, who is a crook. That is exactly what he did. A crook. Paid himself \$30 million for 4 months of work. Of course, he runs this little partnership. Just to make it a little sarcastic to the shareholders, they name it after different characters or different scenes in the Star Wars movie. They think it is all one big joke. Show up at work every day, Andrew at Enron, and packed the money in his bag. Of course, we can imagine, Andrew also lives in a multi-million dollar home. So we gave Scott Sullivan's home, poor guy, has not finished his \$20 million home yet, so he is probably only living in a \$5 million home. But he has to live up to his standards, he has to move up in society. The same thing with Andrew down there in Texas.

These people need to have their assets that were improperly and unethically gained by them, taken away from them, under an appropriate judicial process. I am not saying that we become some kind of a dictatorship and that we throw our justice system out the window. Everybody is entitled a fair day in court, but everybody is also entitled to a square deal. And when you do not get a square deal, and you are not on fair negotiating grounds, when you do not get a square deal, we ought to have the process to make sure that those who cheated you, those who stole from you, those who acted in a criminal manner, pay the consequences of their actions.

Now, it does not just stop at Enron, as all of us know; it does not just stop with Worldcom. Look at Tyco International. What does Tyco do? The President of Tyco International, who makes hundreds of millions of dollars, hundreds of millions of dollars in pay, decides to cheat the government, cheat the people, that is who it is, the government is the people; cheat the people of the State he lives in on paying sales tax for the paintings that he bought.

Let me tell my colleagues something: I used to be a police officer. The first clue, when the door is cracked open, it ought to be a hint; if it is not locked, that is a hint. If the door of the House

or the building one goes up to to investigate on, if the door is actually cracked open, you better guess something bigger is inside, something is inside. When you have a chief executive officer of a corporation, Tyco International, cheating on really what are small numbers as compared to his net worth, you better open the door, you better go investigate inside the building and see what else this individual has done. My guess is you have just scratched the surface. In my opinion, the Internal Revenue Service ought to be down there doing audits of this individual. Tyco International ought to be filing lawsuits against this individual. The prosecutors in that State ought to be looking into this individual for criminal fraud.

□ 2030

It does not just stop with the chief executive officer. A lot of times when one starts padding the books, cooking the books, one has to bring in partners. In this particular case, he brought in his lawyer.

Let us talk about his lawyer for a minute, or, first of all, his chief financial officer. His chief financial officer and the CEO cashed over \$500 million in stocks since July of 1999. Now, that is on top of their salaries. Their salaries are not enough, and they are huge salaries, so they cash in \$500 million more, to kind of pad their wallets.

Then they got their attorney, Mark Belnick. He decides that as an attorney he ought to be receiving bonuses, but he does not want these to be disclosed to the public at large, so he devises a way to have the corporation pay him tens of millions of dollars as the lawyer for the company in such a manner that he does not have to release it on the public disclosure statements.

Why does he not want it released on the public disclosure statements? Because he knows the shareholders would have nothing to do with it; that the shareholders would demand, would demand accountability, and would demand that he not receive that kind of pay.

Of course, he is aware of this. He knows that he might get caught in the action. He knows he might get caught with his hand in the cookie jar. So what does he do? He goes to the chief executive officer of Tyco, International, Dennis Kowalski, and says, Dennis, I might get caught at this. This is what I think happened. I might get caught, so why do you not give me a contract as your attorney, and if I get convicted with a felony, you still have to pay me millions of dollars. If I am convicted of a felony, if you decide to fire me because I am, in essence, stealing from the company, you have to pay me tens of millions of dollars.

That is the kind of corruption that goes on in the corporate world that we need to immediately isolate, and we need to cut it out. We need to stop it in such a way that any future chief executive officer and every board of direc-

tors is going to understand there are consequences to pay.

That is what we do with shoplifting in this country in every store we go into. I went into Toys "R" Us this weekend. As I walked in, they had a big poster at the front: Shoplifting. Help us keep prices low. Help us stop shoplifting. Shoplifting is a crime.

Yet, nowhere do we go where we find a board of directors where, at the entry into their boardroom, it says, you have a responsibility, board of directors, to the shareholders of this corporation, to the employees of this corporation, and to the public as a whole to make sure that this kind of thievery is not going on, or that these kinds of misleading statements are not going on, and that your management team is, in fact, the best possible management team that could be out there.

What I am saying here is that our country needs to focus, and the businesses and the chief executive officers and the good executives, and we have a lot of good people that run a lot of good companies in this country, they are the ones who need to stand up and speak the loudest about this misbehavior that has gone on in the corporate boardroom and in the corporate executive offices.

I do not want to stop just short of Tyco. I should mention also the board of directors. Tyco had a member of the board of directors named Frank Welsh. Tyco bought another company, and guess what, Frank Welsh decided he ought to have a cut of it, so he got a \$20 million little payment on the side for helping merge the company. Where is Frank Welsh tonight? He is probably sitting in a limousine getting ready to go to a play on Broadway or something.

These people need to understand that we will go after them. I will tell the Members, for my part, I have some solutions that I think will work. But I want Members to know that, for my part, I am very committed, as I think most of my colleagues are, Republican or Democrat. And this is not an affront to one political party, this is an affront to the people of this Nation, and we must all remain committed to see that these people pay the consequences for the fraud that they have worked upon the public.

I want to show Members something. I have mentioned a couple of these corporations. Let me go through some others. We talked about Tyco. Remember what Tyco did? That is what I have just been talking about. WorldCom, that is where the chief executive officer, a guy named Bernie Evers, had the board of directors loan him almost \$400 million, on top of all the other millions and tens of millions of dollars he has been paid. This is where Scott Sullivan worked, that big mansion. That is WorldCom.

K-Mart, K-Mart has its chief executive officers and some of its other executive officers, they go and first of all they go into bankruptcy. They lay off

22,000 people. K-Mart lays off 22,000 jobs as a result of their bankruptcy. But right before they filed bankruptcy, K-Mart acts and gives their chief executive officer a \$5 million loan, and they forgive the repayment of it. Have Members ever heard of a bank saying, here is \$5 million, but you don't have to worry about paying it back?

That is exactly what these companies have done, and K-Mart leads the charge. That is exactly what WorldCom did, and they helped lead the charge: Here you are, Mr. Chief Executive Officer, here is \$400 million. Do not worry about paying it back. What is going on here?

And then Enron. We talked about Enron. We talked about Xerox. We talked about ImClone: Hey, we have bad news on the cancer drug. Sell, sell, sell. Find some sucker out there that does not have the information we have.

In America we love to compete, but in America we like to compete on a level playing field. Every executive that I mentioned this evening with these corporations did not want to compete on a level playing field. They did not want to come face-to-face where the odds were all the same, they wanted to compete where the odds were overwhelmingly in favor of them and not you, where the odds almost assured that you lost and they won.

The only way to even that playing field out is to clear out the dirt and put grass in there. Frankly, we have got a lot of dirt in some of these companies in these executive officers.

Let me tell the Members what my solution is. This is a little game. When we play the game of Monopoly, if you mess up, you go to jail, move directly to jail, do not collect. Do not collect. These chief executive officers of WorldCom or ImClone or Tyco or Xerox or Enron should not be able to collect on their way to jail. That is where they ought to be. They ought to be on their way to jail.

The justice system, I hope, will prevail here. I hope the Internal Revenue Service takes note of these individuals.

Have Members seen lately that the Internal Revenue Service announced they are going to begin random audits? So, watch out, some out there who are making \$15,000 or \$20,000 or \$30,000 a year, they might be audited by the IRS. My question to the Internal Revenue Service, and I have not put it to them, but I intend to put it to the commissioner of Internal Revenue Service, okay, okay, how many of these people are you auditing? How many of these executive officers, these boards of directors are you auditing? If you are not auditing them, you ought to be, right now.

Now, unfortunately, it does not just stop here. We can continue. We can go with others. This is a cable TV company. They built their own golf course off shareholders' money. They loaned to their family. They started family companies with all their daughters and sons and their families off share-

holders' money. Now that company, they are in bankruptcy or on the verge of bankruptcy. How many health care people lost their jobs as a result of this?

Where were the auditing companies? We know about Arthur Andersen. The trouble I have with the prosecution of Arthur Andersen, I know they went after them for obstruction of justice. They went after the company, they did not go after individuals. My suggestion, my humble suggestion to the Department of Justice, is to go after the individuals.

What happened in Andersen is we have now, successfully, Arthur Andersen for all realistic purposes is no longer in existence. Two years from now they will have closed all their books and they will be out of business. Lots of innocent people at Arthur Andersen lost their jobs, but the chief executive officers, and these accountants that dealt with this that were supposed to do the auditing probably have already found jobs with somebody else by now.

We need to go after people. We need to go after the individuals. We need to go after the crooks, because we have got to separate the crooks from the honest people. It has to happen.

Look at this. I mentioned earlier, Sunbeam Corporation. That seems to be about where it started. Global Crossing. Gary Winnick, that guy was paid \$700 million or \$800 million. They have also destroyed their documents, or admitted to destruction of documents, since they have been under Federal investigation.

My point here is that we have to come up with some solutions. We have to go after some of these companies. We have to go after the Arthur Andersen, the individuals that have fallen on their jobs and are not completing the responsibilities that they have.

I have some recommendations. I think there are some things that we can do.

Let me start out with the board of directors. I think it is imperative, I think it is imperative that we hold boards of directors responsible for the actions of a corporation. I think it is very important that boards of directors, that every corporation in America have, especially if it is a widely traded one, for example, the family farm, like my in-laws' family farm, it would be unreasonable to expect them, they do not have public shareholders, it is held by shares in the family, for them to go outside the farm and bring somebody that is not related to the farm to come in and help with the management.

But where we have a corporation that is widely traded, for example, where we have a Tyco Corporation, or where we have a Xerox or a K-Mart Corporation, that board of directors should consist not only of outside directors. And let me explain what I mean by outside directors. In a corporation, if one is employed, for exam-

ple, let us take a look at WorldCom, if one is employed by WorldCom and is put on the WorldCom board of directors, then one is what is called an inside director. You are employed by the company and serve on the board.

In many cases, a board is healthy if we have some inside people. They are the people involved in day-to-day operations. So in rare circumstances, it is appropriate to have inside people on that board of directors, because they run the operations. So some of the executive officers probably should be on the board of directors.

But every corporate board that is widely traded with the public should also have outside directors who are not beholden to the president or the chief executive officer or the chief financial officer for their job; that they have a level of independence; that they can come into the boardroom and say, hey, Mr. Chief Executive Officer, hey, Mrs. Chief Executive Officer, tell me exactly what these books mean. Tell me what you are doing. I do not owe my job to you. You respond to the board of directors.

I think there has been a dramatic wake-up call across the country to boards of directors. I am sure that the board members of Enron Corporation, for example, WorldCom, and many of these other companies, K-Mart and so on, will find themselves in litigation for a long, long time as a result of their negligence. And frankly, it is justified. They need to be held accountable. If they accept that position, they must deliver the responsibilities that that position demands.

So that is one of my solutions, re-vamping boards of directors across this country.

We have to regulate auditors. We cannot allow auditors on one hand, or first of all, we should not allow them into offices. Auditors, not outside auditors, or not the inside auditors, and again, inside auditors are the people that the company employs, their accounting department. They make sure that they audit inside. But we have outside at-arm's-length auditors.

The first thing we should not allow to happen is allow them to office in the same offices. At Enron Corporation, Arthur Andersen shared offices with the people they are auditing. I mean, if one sits next to somebody, offices with somebody, they cannot over time help becoming buddies with them. It happens. So, one, they should not office together.

Two, they have to separate consulting services and auditing services. The auditors should not be able to accept any gifts, should not office, should not offer any other services other than the fact they are in there to audit, just like in a bank.

I had an opportunity some time ago to visit with the president of some banks in Colorado, a very capable individual, a very capable individual. He explained to me exactly how the government, the FEC, or not the FEC, the

banking regulators, exactly how they audit and when they come in. They cannot even offer a pencil to them. You cannot give them a pencil or buy them meals. You cannot buy meals or take the auditor out for lunch.

We cannot let them come in and share offices on a permanent basis. When they are in there auditing our banking system, they are not giving them consulting advice as well. They are an independent arm. Those auditors have a very isolated role. They are to go in there and make sure the books are not being cooked. That is what happens in our banks.

Many, many years ago we had a similar problem with our banks, so the government and the people of this country took an affirmative step. They said, look, we want independence in these auditors. That is what has happened. As a result of that, we have a very accurate picture of a bank's financial condition based on these audits.

That is what has to happen in corporate America. We need to regulate this auditing system. We need to get auditors that are good for the punch; that when the auditor comes out and says, this is what the corporation looks like, it is in fact what the corporation does look like.

Now, we have to have a stronger Securities and Exchange Commission, we have the FDIC, the Federal auditing and banking systems. I think we have a pretty good Justice Department, but I encourage the Justice Department to be very aggressive in its prosecution of these corporate thugs. But, on top of that, we have to have a strong Securities and Exchange Commission.

I find it interesting that in the last few days, a couple of Republicans and many Democrats have demanded the resignation of the head of the Securities and Exchange Commission, who has not been in his job very long and certainly was not in his job at the time that most of this happened. Give him an opportunity.

I think, frankly, some of the fault rests with our appropriations. We have to get some cops down there in the SEC. The SEC has to be as aggressive with these corporate misbehaviors as retailers are with shoplifters. That is what is happening here, except these shoplifters are taking from the public in the amounts of tens and hundreds of millions of dollars.

□ 2045

So the SEC has to be stronger. My guess would be especially with the revelations that have occurred in the last week or so that we as a Congress will, in fact, grant more resources so that we can get our SEC cops in place and they can do the job they need to do. So we have to have a strong SEC. And we have got to have a coordinated effort between the Securities and Exchange Commission, which brings the civil litigation, and the Justice Department, which bring the criminal litigation.

If I were the Attorney General of this country, I would contact every U.S. At-

torney in every district out there and I would say, go get them. If you have got corporate fraud in your district, in the jurisdiction that you have, go get them. We need to have a public display just like we do with shoplifting. We do not want shoplifting and we do not want corporate thugs taking money from the public, and we have got to go after them, but that requires coordination.

I am a little more encouraged than some of my friends about the ability of the Justice Department and the SEC on their coordinated efforts, but I do think they need more resources, and I think it is incumbent upon us to get those resources for them.

I also want to talk about the compensation package. The compensation package, how can you justify compensation to the president of the corporation, not to the person that invented the better mouse trap, but to the treasurer, in fact, the chief financial officer. How can you justify compensation that allows a 40-year-old person who is the treasurer of the company to build a 15, \$20 million home just like this and to walk away with bonuses in the hundreds of millions of dollars? You cannot do it. We have got to adjust the compensation system.

Now, look, we have got to be careful about that. I will tell you, if you told me somebody invented the cure for cancer or the cure for the common cold or a better way to educate our kids in a manner such that we really get the top quality product, who cares if they live like this? You show me the person who can figure out the cure for cancer, for breast cancer, I think that is great. Where it is deserving, where you are getting a square deal, that is okay. But these were not gained through arm's length transactions, through innovation, other than innovation in a criminal fashion, as I have mentioned earlier. These are ill-gotten gains. That is what has happened here. That house was built, in my opinion, by ill-gotten gains, by a 40-year-old person who cared more about his own greed than he did the company which employed him and expected him to carry out his fiduciary duties for the owners of that company which, of course, are the shareholders of that company.

Executive compensation has got to be revamped. I do not care how good of an executive you are, I do not care how fine a company you run, it troubles me that any company in the world would pay you 700-some-million dollars, which I think the head of Oracle or one of the corporations out there just paid their chief executive officer, I think it was 700 million in the last year or two. That includes stock options, I understand that, but, I mean, that kind of compensation is just out of line. We pay the President of the United States a fraction of that.

And not only that, take a look at the retirement package. I have an article here out of Business Week, July 15. This is the newest Business Week. Not

only do some of these corporate executives, they rake in the cash while they are running the company at the expense of public shareholders, take a look at their retirement packages. How many people do you think at WorldCom, that got fired at WorldCom got compensation packages? It is the same thing. We can talk about Global Crossing. We can talk about Kmart. We can talk about Conesco, Sunbeam, any number of these. Take a look at what their employees got when they got laid off as a result of this corporate mismanagement.

But let me tell you what happens at some of these corporations and why compensation needs to be readjusted. This is Philip Morris. At Philip Morris, the retired chief executive officer gets for life, gets for life, this guy's name is Jeffrey Bible, this is what his retirement package is from Philip Morris Corporation for as long as he lives, and occasionally for this he needs to be available to consult, which means nothing, but for as long as he lives, he gets an office near his home and that would include a secretary. Remember, he is no longer working for the company. He has retired from the company. By the way, he was not underpaid. His last year with the company, they paid him \$50 million. He is now a retired corporate executive. This is what he gets: An office near his home, including a secretary; an unlimited phone calling card; two cellular telephones; two fax machines, plus the cost of the maintenance; security at his home and security for his vacation home.

So the shareholders of this company will pay the former president of the company security money to make sure his home is secure and his vacation home is secure. Access to the corporate jet. Any time he wants, he can call up on the phone, Mr. Bible can, and say, I want the corporate jet and they take him anywhere he wants around the world. Access to the dining room. Access to the gym. A company car and driver for the rest of his life. And if he does not want the car and driver, they will pay him \$100,000 a year. So he can go out and spend \$100,000 a year on the car he needs. And \$15,000 a year for somebody to give him financial advice. So if he needs financial advice from his tax accountant, the company will pay him 15,000.

That retirement package comes right out of the pockets of the consumer and right out of the pockets of the shareholders. Just like this house built on ill-gotten gains down in Florida as a result of Scott Sullivan and WorldCom Corporation, it is the same thing. That is where that money is coming from.

I applaud the President today. The President came out and I think in very strong terms has set the direction for the House and the Senate to follow, that if we do not have the laws in place, and, by the way, we have a lot of laws in place today, there is a lot we can do today by simply enforcing the

laws that are already in existence. I am not convinced we need a whole lot more new laws as far as the criminal behavior is concerned. What we need are more resources out there to these agencies to enforce the laws that exist.

So the President today made it very clear, and I think it would be to our benefit in both the House and the other side, in the Senate, to follow this lead. And this week I hope we can accomplish with some strong firm legislation an enforcement of a policy in this country that makes your punishment from stealing from the shareholders, from stealing from the public, for misappropriating, from lying on your accounting, from cooking the books, makes those offenses much more serious consequences than you would face if you went out and shoplifted a candy bar from the local retail store.

Our business system in this country depends on integrity. Now we know that not everybody is going to be honest. It cannot happen. Any time you get a group of people together, you will have a bad apple. It is the same thing in Congress. It happened in the Catholic priesthood. It has happened in the corporate world. So we have to build in, we have to anticipate that you will have a crooked corporate executive here and there. But the key to it is not to pretend that it is not going to happen or to depend totally on honesty. Our society has never totally depended on honesty. We have always had law. It is to put the laws in place. It is not just to put the laws in place. It is to enforce the laws that you have in place.

Let me conclude by saying this, I hope that we give the support to the President that he has asked; that we give the resources to the Securities and Exchange Commission that they need to police this problem; that we crack down hard on corporate governance; that we crack down hard on the auditing and audit oversight for companies like Arthur Andersen. And, by the way, the five major auditing firms in this country, all of them have been named in some of these transactions. It is clearly a mess out there that can be cleaned up. It has to be cleaned up.

Do not let us forget that what is being highlighted here, and appropriately, I think we need to focus a lot of attention on it, but sometimes when we focus all our attention on the misdeeds by a few, it tars everybody else. I mean, look at the Catholic priesthood. You get a few bad priests and all priests out there are being tarnished unfairly. Let me say we have people out there who do run ethical business. We have people that deliver good products. We have people that care about their shareholders. We have people that are responsible to their board of directors and we have boards of directors that are responsible to the people that they represent and we have a lot of good workers out there. That is what has made the American system great and the American system will stay great as long as we jump on top of people who have committed misdeeds.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. BECERRA (at the request of Mr. GEPHARDT) for today on account of business in the district.

Ms. CARSON of Indiana (at the request of Mr. GEPHARDT) for today on account of official business in the district.

Mr. DAVIS of Illinois (at the request of Mr. GEPHARDT) for today on account of a speaking engagement.

Mr. HASTINGS of Florida (at the request of Mr. GEPHARDT) for today on account of official business.

Ms. JACKSON-LEE of Texas (at the request of Mr. GEPHARDT) for today on account of official business.

Ms. KILPATRICK (at the request of Mr. GEPHARDT) for today on account of business in the district.

Mr. LUTHER (at the request of Mr. GEPHARDT) for today on account of personal business.

Mr. CULBERSON (at the request of Mr. ARMEY) for today on account of attending a funeral.

#### SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

The following Members (at the request of Mr. PALLONE) to revise and extend their remarks and include extraneous material:

Mr. DEFAZIO, for 5 minutes, today.

Ms. NORTON, for 5 minutes, today.

The following Member (at the request of Mr. BASS) to revise and extend his remarks and include extraneous material:

Mr. BASS, for 5 minutes, today.

#### SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 803. An act to enhance the management and promotion of electronic Government services and processes by establishing an Office of Electronic Government within the Office of Management and Budget, and by establishing a broad framework of measures that require using Internet-based information technology to enhance citizen access to Government information and services, and for other purposes; to the Committee on Government Reform.

#### SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2578. To amend title 31 of the United States Code to increase the public debt limit.

#### ADJOURNMENT

Mr. MCINNIS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 56 minutes

p.m.), under its previous order, the House adjourned until tomorrow, Tuesday, July 9, 2002, at 10:30 a.m., for morning hour debates.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

7731. A letter from the Secretary, Department of Agriculture, transmitting the Department's draft bill entitled, "To amend sections 3, 7D, 16(i)(2), and 19 of the United States Grain Standards Act to authorize the Secretary of Agriculture to recover through user fees the costs of standardization activities"; to the Committee on Agriculture.

7732. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Nicotine; Tolerance Revocations [OPP-2002-0035; FRL-6836-7] received May 16, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

7733. A communication from the President of the United States, transmitting notification of the intention to reallocate funds previously transferred to the Federal Emergency Management Agency (FEMA) from the Emergency Response Fund; (H. Doc. No. 107—237); to the Committee on Appropriations and ordered to be printed.

7734. A communication from the President of the United States, transmitting his request for an FY 2003 budget amendment for the Department of Defense; (H. Doc. No. 107—241); to the Committee on Appropriations and ordered to be printed.

7735. A letter from the Deputy Secretary, Department of Defense, transmitting a letter on the approved retirement of Lieutenant General Daniel G. Brown, United States Army, and his advancement to the grade of lieutenant general on the retired list; to the Committee on Armed Services.

7736. A letter from the Deputy Secretary, Department of Defense, transmitting the Department's report entitled, "Study on Impact of Foreign Sourcing of Systems" required by Section 831 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001; to the Committee on Armed Services.

7737. A letter from the Senior Paralegal, Department of the Treasury, transmitting the Department's final rule — Risk-Based Capital Standards: Claims on Securities Firms [No. 2002-5] (RIN: 1550-AB11) received June 20, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Financial Services.

7738. A letter from the Under Secretary, Department of Defense, transmitting the Department of Defense Education Activity (DoDEA) 2000-01 Overview of Student Progress, pursuant to 20 U.S.C. 924; to the Committee on Education and the Workforce.

7739. A letter from the Legal Advisor, Federal Communications Commission, transmitting the Commission's "Major" final rule — Amendment of Parts 2 and 25 of the Commission's Rules to Permit Operation of NGSO FSS Systems Co-Frequency with GSO and Terrestrial Systems in the Ku-Band Frequency Range; Amendment of the Commission's Rules to Authorize Subsidiary Terrestrial Use of the 12.2-12.7 GHz Band by Direct Broadcast Satellite Licensees and Their Affiliates; and Applications of Broadwave USA, PDC Broadband Corporation, and Satellite Receivers, Ltd. to Provide A Fixed Service in the 12.2-12.7 GHz Band [ET Docket No. 98-206, RM-9147, RM-9245] Received June 27, 2002, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.