

way anyone can explain to me and give me comfort about these charges and make me believe this is a legitimate expense of the Federal Government. Yes, she needs insoles; but at \$16 versus about \$50-plus, I think we can find a way to not only make her walk comfortably but save the Federal Government a ton of money. Therein lies the opportunity to provide a prescription drug coverage for our seniors who need it.

#### CORPORATE GOVERNANCE

The SPEAKER pro tempore. Pursuant to the order of the House of January 23, 2002, the gentleman from Washington (Mr. INSLEE) is recognized during morning hour debates for 5 minutes.

Mr. INSLEE. Mr. Speaker, I sat in with the Financial Services Committee at our WorldCom hearing yesterday; and if you heard a sense of outrage from the Members on both sides of the aisle, it mirrored the outrage of the American public who have seen their savings go down the drain while there has been so much malfeasance in the accounting and auditing practices in our corporate boardrooms. It is very disturbing because this has created a substantial lack of confidence in our capital markets system. It is clear that we have a very systemic problem we have got to fix. It seems to me that this is a time for action that Teddy Roosevelt would have taken. Teddy Roosevelt did not say, Speak loudly and carry a small twig. He put it a different way. So today when the President addresses the Nation and Wall Street about how we are going to work ourselves out of this terrible situation, I hope that he will be guided much more by Teddy Roosevelt and much less by Calvin Coolidge. What I mean by that is we need him not just to speak loudly, which I am very confident he will do, we need him to act with great fervor. We need action, not just language.

Today I would suggest that a Teddy Roosevelt approach to this problem would involve six separate actions, not just speeches. We hope that the President will join us in the Democratic Party who propose these actions.

First, I think Teddy Roosevelt would be getting America a new director of the Securities and Exchange Commission. The present director of that organization, Mr. Harvey Pitt, is a man of great intelligence; but America needs more than that. America needs an agent of change at the helm of the Securities and Exchange Commission. We cannot have a leader of the Securities and Exchange Commission that we have to drag kicking and screaming every time that we need to do some modest, commonsense regulation of the industries that Mr. Pitt used to represent and work for. Unfortunately, Mr. Speaker, Mr. Pitt has drug his feet time and time again to take even the most modest efforts to deal with these

systemic problems. We hope that we have new leadership at that helm.

Second, I am convinced Teddy Roosevelt would impose the sternest criminal sanctions on the corporate people and accountants who failed to abide by their responsibilities, who consciously, intentionally defraud investors. I am confident the President will call for jail time for these scofflaws. But we need more than simply maximum times in jail. We need minimum times in jail. Here is the reason I say that. We need mandatory jail times for these flimflam artists. The reason is that all too often in white collar crime, these white collar criminals go up to the judge and says, he was a good man, he belonged to a great country club, he gave money to charity and they do not see the inside of a penitentiary. If you sell 50 grams of crack cocaine, you get 10 years mandatory, no ifs, ands, or buts. It ought to be the same rule for these people who have destroyed the retirement incomes of thousands of Americans. The President should do no less than mandatory minimum jail times.

Third, it is not just that we have people breaking the rules; we do not have the right rules in our accountancy and auditing system. We need new rules. So the third thing we should do is we need to divorce the consulting aspects of accounting from the auditing aspects of accounting.

Mr. Speaker, I have sat through, I think now, 12 hearings about these disasters. The one thing they almost all have in common is the people who are supposed to be auditing these corporations were also making millions of dollars providing the same corporations they are supposed to be riding herd on, providing them consulting advice. We found that this creates just too many disincentives for rigorous auditing. At a minimum, at an absolute minimum, we should require the auditing committee to agree to those multiple contracts before they allow people to provide those two services. This is a systemic problem, and it is something we have got to fix.

Fourth, we need an independent public accountancy board. It is important that it be independent. It needs to be independent of the organizations that it regulates. We need that quickly.

Fifth, we need CEOs to have to certify their financial records so that they are personally responsible.

And, sixth, and this is very important, Mr. Speaker, we need stock analyst independence, independent from the investment banking side.

Mr. Speaker, I am confident Teddy Roosevelt would take all six of these steps today. I hope the President will do so. America deserves no less.

#### PRESIDENT TO ADDRESS NATION ON CORPORATE GOVERNANCE

The SPEAKER pro tempore. Pursuant to the order of the House of January 23, 2002, the gentleman from Or-

gon (Mr. DEFAZIO) is recognized during morning hour debates for 5 minutes.

Mr. DEFAZIO. Mr. Speaker, we are waiting now and in about 15 minutes the President will give a speech where he is expected to address the corporate meltdown, where millions of Americans have been defrauded of their stock holdings and their 401(k)s, thousands have lost their jobs and a few have profited mightily. The President says he wants to get tough. We are going to hear a lot of talk about watchdogs and teeth and enforcement and maybe putting some people in jail. Maybe. Probably not.

But the real question is, is he serious? Until recently, of course, the President and Vice President CHENEY had been touting their corporate experience and ties. Mr. Lay of Enron fame was called Ken Boy and was given unlimited access to the White House and the Oval Office. He is persona non grata now, perhaps. But are they serious? Unfortunately, the early indications are the President is not serious, but he is covering his political butt. That is because he is saying the SEC, which of course until recently he had stiffed in his budget, the Securities and Exchange Commission, the official watchdog of the United States of America over corporate malfeasance, which has been dramatically underfunded, yet the President proposed in his budget to not increase their funding, in fact give them a zero budget increase. Now he is going to propose a budget increase. That is good; so maybe he is serious.

But then he goes on to say the head of the SEC is doing a great job. This guy's name is Harvey Pitt. Harvey Pitt represented most of the firms and the individuals who are now taking the fifth amendment before Congress. In fact, in a recent action before the Securities and Exchange Commission, the toothless watchdog that we have on guard, headed by Mr. Pitt, appointed by Mr. Bush, who Mr. Bush says he has utmost confidence in, found, this is amazing, actually found that a firm, Ernst & Young, had violated its duty to remain independent from companies it audits. That is good.

But guess what? The finding which would ultimately in fact have involved a substantial fine was thrown out by an administrative law judge. Why? Because the facts were not right? No. Because they had not committed the malfeasance? No. Because Mr. Pitt is so conflicted that he could not vote and also Cynthia Glassman, the other SEC commissioner, was not allowed to vote, either, because they both had intimate ties with this firm. They had represented them, worked with them; and when they leave their so-called public service, they will represent them again as \$500- or \$1,000-an-hour lawyers.

So this company got off the hook because only one commissioner, the one appointed by President Clinton, could vote. The judge said, There were three