

the public trust and harm many but they walk away with a golden parachute. What do I mean here?

Well, we know what happened at Enron, deceptive business practices. Ken Lay, former chair, chief executive and director, sold 1.8 million shares for about \$50 a share. Jeffrey Skilling, former chief executive, director, sold 1.1 million shares for \$66.9 million, roughly \$66 a share. Rebecca Mark, vice chairman, director, 1.4 million shares. She sold them for about \$58 a share. Robert Belfer, director, member of executive committee, sold a million shares for \$51 dollars a share. Steven Kean sold 64,932 shares for around \$70 a share. John Duncan, director of the executive committee, sold 35,000 shares, netted \$2 million or around \$60 a share. They walked out very, very wealthy. We know that many did not do as well.

After the Enron collapse, to track exactly the dialogue that Enron management would have with their shareholders, I bought 50 shares. I did not have to pay \$50. I did not have to pay \$66. I did not have to pay \$68. I think I paid around 20 cents a share. I bought 50 shares for \$10. Lots of investors were hurt because of the deceptive practices at Enron and at Arthur Andersen. But the people at the top, 101 million, 66 million, 79 million, 51 million, 5 million, 2 million, they did not end up selling their shares for 20 cents a share.

The president of CMS Energy, here is how one shareholder described what happened here. Referring to the resignation of the lower ranking Pallas, the shareholder said it was analogous "to kicking the cat when the dog messed on the carpet."

Again, the share prices declined. I think the executives are going to do just fine.

Bernard Ebbers, chairman and CEO, WorldCom. Worldcom is being investigated by the SEC for possible fraudulent accounting practices. Its credit rating has been reduced to junk status and it has been removed from the Standard and Poors 500 index, the Wall Street Journal, 6/5 of this year.

Bernard Ebbers will receive \$1.5 million a year for life. If his wife survives him, she will receive \$750,000 a year for life as long as she lives. The company's credit rating has been reduced to junk status. Bernard Ebbers resigned under pressure in April, but I believe he may do better than the rest of the company.

Richard McGinn, CEO, Lucent Technologies. The SEC is investigating possible fraudulent accounting practices while Lucent employees are suing the company for breach of fiduciary responsibility by inappropriately allowing employees to add company stock to their retirement plans. Richard McGinn, ousted in October of 2000, will receive \$5.5 million in cash, pay off a personal loan amounting to \$4.3 million, annual pension of \$870,000 for life.

Here is an interesting one. CEO for TYCO. TYCO is a company that we in my district are fairly familiar with. They came in and bought a healthy

small little business in Zeeland, Michigan, said we will leave things the same. The day after the sale was consummated, the doors were locked. The employees were gone. Dennis Kozlowski made about \$334 million over a 3-year period. He resigned earlier this month, indicted on charges of evading \$1 million in sales tax. Think about it, making more than \$100 million per year, and you got to ask the question, when is enough enough, or does it simply just become greed? \$100 million a year and you would do anything to evade \$1 million in sales tax so that the rest of us could pick up his tax burden.

TYCO is negotiating a severance package that experts believe will be less than the \$135 million he would have received if he had been fired.

Let us talk about the performance of TYCO under Mr. Kozlowski's leadership. TYCO lost \$86 billion in market value, faces \$27 million in corporate debt. It is now under investigation.

Here is a quote, according to Reuters, "A pattern of lucrative payoffs to board members and top executives at the troubled manufacturer raises questions about whether they had incentive to keep tabs on the spending of disgraced former chairman Dennis Kozlowski and others."

□ 2330

Reuters continues citing the Wall Street Journal: "The criminal indictment has triggered a widening probe into whether Tyco paid for homes and artwork for several corporate officials without telling shareholders." Wall Street Journal, series of articles, 6-4 through 5-2.

It is just sad that that is what we are seeing in so much of the business world today. People who are entrusted by the public with a certain element of responsibility have taken that, and in many cases have enriched themselves, while their shareholders, their employees and their customers are paying the long-term price.

Here is another case that just came up in the last couple of days. This is The Washington Post via the Dow Jones, publication date June 2002. A company that was looking for FDA approval for a drug, ImClone, learning that the Food and Drug Administration would not accept its application for a promising cancer drug, driving its share price down. It appears that that word leaked out through the corporation to a number of individuals. The end result is they sold their stock before it collapsed. They came out all right.

The American public has a right to expect and demand more. Companies need to be held accountable. The business community should step up and make recommendations as to what should happen, because when public officials or corporate officials abuse the public trust, the whole sector suffers. In this case, corporate America suffers because of the excesses of a few. It is a

painful process to watch and to observe.

The end result now will be that either the private sector will come up with recommendations in how to effect change in the private sector or government will step in. I am not real optimistic about that. I believe that more government regulation of business is a poor replacement for integrity and trust. However, we must face the fact that some in business have abused this trust.

The end result is millions of honest businesses in America may be forced to pay a heavy price in new government regulations. I believe that we must hope that the individuals who failed in their leadership responsibilities are held accountable by their management, their board of directors, their shareholders, or by the laws of our land. They need to be held accountable.

This whole list of companies where millions of individuals got hurt but a few walked away with a golden parachute, here is a quote out of the Wall Street Journal that I find kind of appropriate: "I don't know that anyone gave a bonus to the captain of the Titanic."

In many of these cases, that is exactly what we saw, that after the misdeeds and the wrongdoing, whether it is at Enron or any of these other companies or Tyco, their market value plummeted. They sank like the *Titanic*. Yet their captains, their CEOs, walked away with a bonus.

We need to make sure that we prevent that from happening in the future. Yet the systems or laws do not exist to exercise true accountability. Then systems and laws will need to be changed, but let us not forget that, in the end, this is about integrity and trust, common sense and decency; all leadership qualities that cannot be legislated.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. HALL of Ohio (at the request of Mr. GEPHARDT) for today and the balance of the week on account of attending the World Food Summit in Rome, Italy.

Mr. LYNCH (at the request of Mr. GEPHARDT) for today on account of family matters.

Mr. COMBEST (at the request of Mr. ARMEY) for today and the balance of the week on account of the death of his father.

Mrs. BONO (at the request of Mr. ARMEY) for today and the balance on account of personal reasons.

Mr. SMITH of Texas (at the request of Mr. ARMEY) for today and the balance of the week on account of a death in the family.

SPECIAL ORDERS GRANTED

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