

## TIME FOR SEC HEAD TO GO

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. DEFAZIO) is recognized for 5 minutes.

Mr. DEFAZIO. Mr. Speaker, those who were watching television just before the vote would have been treated to a softball interview with Mr. Harvey Pitt. Mr. Harvey Pitt is a former lobbyist for securities firms and accounting firms and, knowing so well the backrooms, he was named by the President of the United States to be our chief watchdog when it comes to securities enforcement. There is a little problem with Mr. Pitt as a watchdog, unfortunately. He is so ethically and morally compromised, he often cannot vote.

Recently, the Securities and Exchange Commission staff provided a compelling case against Ernst & Young, an accounting firm. There were three commissioners present, and apparently they found the evidence compelling, but unfortunately two of them were so ethically and morally challenged, both appointees of President Bush, Mr. Pitt, the chairman, and another member, they could not vote. The only person that could vote was a Clinton holdover. He did not have the ethical problems of voting for or against his former clients and buddies and he voted to fine them. An administrative law judge threw it out.

So here we have it. The chief enforcement arm of the United States Government to rein in corporate misconduct, securities fraud, the accounting firms, and the chairman cannot vote. In his first 10 months in office, he had to recuse himself from voting 29 times because these were all people whom he had represented and he will represent again soon when he leaves his position as chair of the Securities and Exchange Commission.

This is the tough new Securities and Exchange Commission which is supposed to instill confidence? Mr. Pitt carried on at great length about what he really cares about is the little guy, you know, Main Street. I do not think Mr. Pitt has seen Main Street from his penthouse apartment, his thousand-dollar-an-hour consulting with these securities and accounting firms for a heck of a long time, except maybe from the tinted windows of his limousine.

He has represented other outstanding folks: MCI, WorldCom, a \$4 billion problem there. Merrill Lynch. Arthur Andersen. Whoops. Yeah, a little bit of a problem there. In April he met with a former client, KPMG Consulting, while their audits were being investigated. He said, "Hey, you can't tell me that I can't meet with people who I worked for who are currently under investigation because I wouldn't be able to meet with anybody." This is our chief watchdog, Harvey Pitt.

Harvey Pitt. Yes, perhaps he would be a great enforcer because he knows all the backroom tricks. One of the big problems we have was conflicts of in-

terest with the accounting companies. Mr. Pitt as a \$1,000-an-hour lobbyist/lawyer, he always talks about himself as a lawyer, not a lobbyist—he was a lobbyist with a law degree and a license to practice law—had in fact worked very hard to prevent those conflict of interest rules from going into effect which, of course, allowed many of the current accounting shenanigans to go forward because these same firms, Arthur Andersen and others, were selling services to the companies that they were supposedly providing arm's length auditing services to and the companies were not going to be real eager to buy those services if their CEO was not earning tens or hundreds of millions of dollars of bonuses by inflating their earnings reports and having the accounting firms sign off on it. This is our chief watchdog.

It is not just his actions that belie Mr. Pitt. It is his words. When he was sworn in, he said the SEC will be a kinder and gentler place for accountants. He would have us believe that now he has become a veritable pit bull of enforcement, that he is the best person for the job. It is extraordinary that the Bush administration has not joined notables such as Senator JOHN MCCAIN in asking for Mr. Pitt to resign. He is an embarrassment to this administration. To have a chief law enforcement officer who cannot enforce the law because he is so morally and ethically compromised, he cannot even vote on enforcement actions recommended by his own staff and investigators.

It is time for Mr. Pitt to go if you want to restore some modicum of faith in how straight these markets, these reports and these investigations are.

The SPEAKER pro tempore (Mr. KELLER). Under a previous order of the House, the gentleman from California (Mr. GEORGE MILLER) is recognized for 5 minutes.

(Mr. GEORGE MILLER of California addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from the District of Columbia (Ms. NORTON) is recognized for 5 minutes.

(Ms. NORTON addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Hawaii (Mrs. MINK) is recognized for 5 minutes.

(Mrs. MINK of Hawaii addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

#### DEMOCRACY AT WORK: MILITARY RETIREE GRASSROOTS SET AN EXAMPLE FOR ALL AMERICANS

The SPEAKER pro tempore. Under a previous order of the House, the gen-

tleman from Mississippi (Mr. SHOWS) is recognized for 5 minutes.

Mr. SHOWS. Mr. Speaker, today through access to advanced technical means of communication, Americans are able to unite their individual voices and present a message, loud and clear, that makes Congress pay heed to what they have to say. This is truly democracy in action.

July 16 is the sixth anniversary of the beginning of a grassroots movement that exemplifies the spirit of democracy our Founding Fathers envisioned and represents the power of many individual voices uniting as one. On July 16, 1996, Colonel George "Bud" Day, a Congressional Medal of Honor recipient who was Senator JOHN MCCAIN's cellmate in North Vietnam for many years, filed a class action lawsuit against the government of the United States for breaking promises of lifetime health care. Specifically, since the founding of the Republic, the U.S. Government routinely promised military recruits if they served a career in uniformed service for 20 years, they and their dependents would receive health care for life. Indeed, that is what they received.

But beginning with laws enacted in 1956, lifetime health care benefits were chipped away. Personnel who joined the service before 1956, with the promise of lifetime care, later retired from the service to find the government had gone back on its promise. When laws passed in the mid 1990s finally kicked military retirees over the age of 65 out of the military health care system, that is when Colonel Day filed his suit on behalf of two Florida military retirees. Today, Colonel Day's class act group, CAG, represents thousands of military retirees and families across the country in a case that is pending in a Federal appeals court in Washington. Last year a three-judge panel of that court ruled in Colonel Day's favor that the United States did break a contract with its career uniformed personnel. The full 11-judge panel has reheard the case and a ruling will be forthcoming.

The government attorneys put themselves in a position of claiming essentially the military recruiters made promises on behalf of the United States Government that they never intended to keep because, in these attorneys' opinion, the law did not require them to keep their promise. The attorneys should just have said, "They make promises but had their fingers crossed behind their backs." Most observers believe the court will again side with Colonel Day. The question will be whether the United States attorneys will appeal the ruling to the Supreme Court.

Colonel Day forged a coalition of Americans who had a shared grievance against their own government. Colonel Day and the class act group's historic lawsuit and the power of the thousands of retirees who are members of CAG represent the best of what our Founding Fathers envisioned. There are other