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House of Representatives

The House met at 10 a.m.

MORNING HOUR DEBATES

The SPEAKER. Pursuant to the order of the House of January 23, 2002, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning hour debates. The Chair will alternate recognition between the parties, with each party limited to not to exceed 30 minutes, and each Member except the majority leader, the minority leader or the minority whip limited to not to exceed 5 minutes.

The Chair recognizes the gentleman from Oregon (Mr. DEFAZIO) for 5 minutes.

PRESIDENT BUSH NEEDS TO CLEAN HOUSE

Mr. DEFAZIO. Mr. Speaker, when President Bush came into office at his first Cabinet meeting, he said, I expect only one standard and that is the highest of ethical standards. I think many Americans breathed a sigh of relief with the idea that we were going to have an administration free of the drip, drip, drip of scandal of the past administration.

Unfortunately, not too long into the President's tenure, that began to become a bit unraveled, and yet the President has yet to ask for the resignation of any of the ethically challenged members of his administration.

One standout is Secretary White of the Army. Secretary White was a general retired, and then went to Enron for his retirement. We all know Enron. Previous to MCI WorldCom, the largest scandal and bankruptcy of financial mismanagement and phony book-keeping in the history of the United States. He headed the worst of Enron, Enron Energy Services. Not only was Enron Energy Services a total fraud, they never made a penny. In fact, they

lost billions of dollars while showing huge profits on the books with phony trades. They created things called Death Star, Get Shorty, Fat Boy and other cute names, sounds like maybe secret weapon systems, maybe the kind of thing Secretary White should know about, but he says he did not know a thing about all this phoniness, he was just the front guy, just the rainmaker, just bringing in business and walking away with \$60 million.

He also manipulated the West Coast energy market, destroying the economy of the Western United States. Oregon is in a deep recession in part because of a 40 percent unnecessary runup in our electric rates because of the shenanigans of Enron and other market manipulators.

Mr. White, who ran the part of Enron which did the market manipulation, says he did not know anything about that either, but he has compiled quite a stellar record since he has gone to be Secretary of the Army. He took a corporate jet to Aspen to sign papers to sell his \$6.5 million ski house which he bought with his ill-gotten gains from Enron. He forgot to meet the ethics requirements to get rid of his stock with Enron, some stock options he had, and yet the President has not called for his resignation.

Now we have a new task force. So Americans should rest easy. We have a new task force, which is headed by a gentleman called Larry D. Thompson, Deputy Attorney General. President Bush sat between Mr. Harvey Pitt, who I have talked about on the floor before, the ethically challenged head of the Securities and Exchange Commission who cannot vote because he is so compromised because of his past association with all of the people he is supposed to be investigating. It is a good deal for them because then he cannot convict them of anything and cannot fine them.

Then on the other side of the President was Mr. Thompson. He is the new

head of the so-called SWAT team which turns out instead to be a kind of a task force, low-key thing. We would not want to get too tough on corporate fraud.

Mr. Thompson has quite a bit of experience. He was on the board of Providian. Providian paid the largest penalties in the history of the United States. He was on the audit committee, on the board of directors, paid a pretty penny for this work, but Providian, during his tenure while he was on the audit committee and the board of directors, committed quite a bit of fraud and mismanagement and paid the largest ever penalties to the Comptroller of the Currency of the United States, \$105 million of penalties for fraud, mismanagement, and consumer abuse; not trivial.

They have also settled a \$38 million class action lawsuit, and there are other class action lawsuits pending. They are also being sued by their employees who said that Mr. Thompson and other members of the board of directors and executives at Providian told them to put more stock in their 401(k)s while they were secretly dumping their own stock. This is our new chief corporate watchdog of the so-called SWAT team.

To return to Mr. Pitt, Mr. Pitt, head of the Securities and Exchange Commission, who the President also has expressed utmost confidence in, cannot vote on many enforcement actions of his agency because he, in fact, was not the lawyer for but the lobbyist for, and sometimes the lawyer of, many of these same firms who today it is being shown have caused this horrible scandal in the United States. Arthur Andersen was one of his prominent clients. MCI WorldCom was another of his clients and many others.

If the President really wants to put some meaning behind this statement, and I am all for it, and that is, the one standard and the highest of ethical

This symbol represents the time of day during the House proceedings, e.g., 1407 is 2:07 p.m.

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



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