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No. 205

## House of Representatives

The House met at 10 a.m. and was called to order by the Speaker pro tempore [Mr. WICKER].

### DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,  
December 20, 1995.

I hereby designate the Honorable ROGER F. WICKER to act as Speaker pro tempore on this day.

NEWT GINGRICH,  
Speaker of the House of Representatives.

### PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

May Your word, O God, that brought the Earth into being and sustains us along life's way not only comfort us, but examine and correct us in our vision, our motivations, and our purposes. We know that we are accountable to You for our lives and responsible to each other for our deeds so we pray that we will see Your mighty purposes for justice among us. Sustain us, strengthen us, judge us, forgive us, and minister to us in the depths of our hearts. This is our earnest prayer. Amen.

### THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

### PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from Mississippi [Mr. MONT-

GOMERY] come forward and lead the membership in the Pledge of Allegiance.

Mr. MONTGOMERY led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

### MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 1530), "An Act to authorize appropriations for fiscal year 1996 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes."

### ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair will entertain fifteen 1-minutes per side.

### DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON TODAY

Mr. STEARNS. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

### DEMOCRATS AND PRESIDENT DUCK RESPONSIBILITY

(Mr. STEARNS asked and was given permission to address the House for 1

minute and to revise and extend his remarks.)

Mr. STEARNS. Mr. Speaker, there are two arguments the Democrats and the President use to justify their not signing a 7-year balanced budget agreement.

One is the Medicare scare. Right now the difference between what the President and we are proposing is .7 percent a year or \$11 billion. So how can Americans believe the President when he said, "I simply cannot sign a budget that devastates Medicare to the elderly." Come on, Mr. President, we are in agreement on Medicare so stop the scare.

The other sound bite for Democrats and the President is tax cuts. The American people have suffered through at least 19 different major tax increases since 1981 without one single tax cut. There is no reason why they should have to wait another 7 to 10 years for tax relief.

Our tax cuts were paid for on April 5, 1995, before the debate began on saving Medicare. And they have nothing to do with saving Medicare. In fact we have a lock box in the Medicare legislation to keep all savings there.

The President and the Democrats have fabricated the Medicare-scare and tax cut connection because it is useful politically. "It allows them to attack and to duck responsibility, both at the same time." Those are not my words. That is from the Washington Post editorial on September 25, 1995.

Come on, Mr. President, sign the agreement and let us stop ducking responsibility.

### GET VETERANS' CHECKS OUT ON TIME

(Mr. MONTGOMERY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MONTGOMERY. Mr. Speaker, first we must be sure that the 3 million

□ 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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veterans' checks get out on time. The deadline is tomorrow. Really, let us not let these veterans down. Let us get these checks out on time.

#### OUR TROOPS IN BOSNIA

Mr. Speaker, like most Americans, I have watched our American forces move into Bosnia on the ground and in the air. Mr. Speaker, even though I am not happy with the mission, I am very impressed with the way our Armed Forces are handling themselves. With temperatures below freezing, fog, snow and ice, our military is operating as well-trained unit in Bosnia.

Next time that our soldiers and Air Force personnel are wearing their uniforms and equipment the way they are and the way they were trained, look at them; I am not one that has seen any Americans walking around without his or her helmet being on, and as you look, they are carrying their individual weapons, plus they are doing an outstanding job with our great airplanes in landing in the fog, ice, and snow.

Mr. Speaker, we must remember that all of our personnel in Bosnia are from the all-volunteer system. They are the finest military force in the world, and it shows. Just look at them tonight on television.

#### WHAT REALLY WENT ON LAST NIGHT?

(Mr. DELAY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DELAY. Mr. Speaker, the United States, the President, and Washington, DC, better understand what went on last night. The Speaker, the majority leader, and the President negotiated for 2½ hours.

We were under the impression that the President was absolutely adamant about making a deal and bringing a balanced budget now. Within 15 to 30 minutes, the vice president walked out and contradicted what the Speaker understood to be the beginning of a deal. This is *deja vu* all over again. This is exactly what happened on November 20 that we have been manipulated for now going on 30 days.

The President obviously is not interested in balancing the budget. This administration cannot be trusted. They can not keep their word. They cannot keep their promises.

And so make no mistake about it, there will be no CR until the administration proves that they can be trusted.

#### MAJORITY PARTY SHOULD GOVERN

(Mr. PALLONE asked and was given permission to address the House for 1 minute.)

Mr. PALLONE. Mr. Speaker, there goes the Republican leadership again, saying they want to keep the Government shut down because they do not

get their way, and that is the problem here. The Republican majority has an obligation to keep this Government going. They are the only ones that can bring up a continuing resolution. They refuse to do so, because they do not get their way.

The President has stood strong, and he has said, "I will negotiate, I will sit down with you, but I will not negotiate away Medicare, I will not negotiate away Medicaid, the environment, and education." He is being fair. He is being strong.

But this Republican leadership, and there you heard it said very clearly, they want to keep the Government shut down and they want to hold this Government hostage. That is not what the majority party is supposed to do. They are supposed to govern. They are supposed to care about the Government and all the Government agencies and all the things that people need in order to continue functioning in this country. It is not fair. They are the problem.

#### THE BASIC PREMISE OF STRENGTH

(Mr. HAYWORTH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HAYWORTH. Mr. Speaker, once again I listened with great interest to my friend from New Jersey set down his parameters for what a majority party should do and offer us an interesting definition of strength. I respectfully beg to differ.

The most stirring example of strength is to keep your promise to the American people. The most stirring example of responsibility is to save this country and this Government from fiscal disaster for generations yet unborn. The most stirring example of true responsibility is to provide for our seniors by making sure that their health care is still here in 7 years, to make plans for the next generation and not just the next election.

The sad fact is that the liberals on this side of the aisle and the liberals at the other end of Pennsylvania Avenue do not seem to understand that basic premise of strength.

Once again, the new majority says to our friends on the other side, join with us and govern, but let us play by the rules.

#### WE MUST BALANCE PRIORITIES

(Mr. KLINK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KLINK. Mr. Speaker, we have got some disagreements and, indeed, sometimes the rhetoric gets a little heated around here from both sides.

Let me explain, we are not just talking dollars and cents as some of our colleagues on the other side who spoke earlier. We are not talking about the fact we are a few billion dollars apart.

We are talking about balancing priorities as well as balancing the budget. There are a lot of us on our side of the aisle that say, look, if we are going to force adult children of the elderly who are in nursing homes to pick up the cost of that nursing home care because we have changed Medicaid, we have made a medigrant program, we have not guaranteed that all of these senior citizens are even going to have a nursing home, we have not guaranteed the standard of care, we have not guaranteed that spouses are not going to be impoverished.

Let me tell you something, in the committee, 100 percent of the Republicans on the other side voted against each one of those amendments protecting adult children, protecting spouses from impoverishment, protecting people so that they have at least some standard of care.

I understand, in the conference report, that may have begun to change. It has not changed enough. We must protect those care standards.

#### WORDS FROM A PROMINENT AMERICAN POLITICIAN

(Mr. HEFLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HEFLEY. Mr. Speaker, I would like to quote from a prominent American politician:

We have to cut the deficit, because the more we spend paying off the debt, the less tax dollars we have to invest in jobs and education and the future of this country. The more money we take out of the pool available savings, the harder it is for people in the private sector to borrow money at affordable interest rates for a college loan or for their children, for a home mortgage or to start a new business. That is why we have got to reduce the debt, because it is crowding out other activities we ought to be engaged in and the American people ought to be engaged in. We cut the deficit so that our children will be able to buy a home, so that our companies can invest in the future, retaining their workers, so our government can make the kinds of investments we need to be strong and smarter and safer.

These are not the words of NEWT GINGRICH, but the words of Bill Clinton on February 2, 1993, in his budget address. He said it. We agree with it. Let us do it. Let us do it now.

#### AMERICA, TAKE A LOOK AT THE LOSS OF JOBS

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, I would like to talk about budget deficits. Polaroid has announced they are laying off 1,300 Americans, 1,300 more Americans losing their livable-wage jobs.

But Polaroid said, "Don't worry." They are going to join forces with the Federal Government and provide retraining. What are we retraining American workers to do? How many more

welders and auto body specialists do we need? Pantyhose crotch-closers?

Beam me up, Mr. Speaker. Since NAFTA, 50,000 American workers have lost their jobs. Just last week Boeing laid off 3,200 Americans, moved to Mexico. They were making \$18 an hour in Seattle. They will make 76 cents in Mexicali.

Ladies and gentlemen, you are talking about balancing the budget? America and Congress will never balance the budget with jobs at Mickey D's.

It is time to take a look at the loss of jobs, ladies and gentlemen.

#### GET RID OF SECRETARY O'LEARY

(Mr. CHABOT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CHABOT. Mr. Speaker, as we continue to try to achieve a balanced budget, I think we ought to keep in mind the one Cabinet Secretary who has been singled out by Vice President GORE for doing, and I quote the Vice President, "a fabulous job on eliminating unnecessary spending." Yes, I am talking about the administration's poster child for government frugality, Hazel O'Leary.

How can we be so callous, so downright mean-spirited, Mr. Speaker, as to work for a balanced budget at a time when the Secretary of Energy already may be going a whole night or two without staying in a 5-star European hotel at taxpayer expense?

The Vice President insists that she is doing, in his words, a fabulous job. But here is a question: The law clearly states in title 5, section 3107, that a Cabinet Secretary may not use appropriated funds to pay a publicity expert unless the money has been appropriated specifically for that purpose. Was that law violated by Mrs. O'Leary when she used taxpayer dollars to hire a private PR firm?

Let us look into that. Let us balance the budget. Let us get rid of Secretary O'Leary.

□ 1015

#### GET ECONOMIC HOUSE IN ORDER

(Mr. BARRETT of Wisconsin asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BARRETT of Wisconsin. Mr. Speaker, when the Republicans took over this House in January, they said they would run this Government like a business. Well, Mr. Speaker, I am still looking for the business that would run this Government like the Republicans are running it. They are sending home workers because they are upset they are not getting their own way, and in the end they are going to pay them. I would like to see one business, just one business in this country, that is going to send home its employees because it is so mad it is not getting its own way,

and then is going to pay them in the end.

There is no reason to send these people home. They should work if they want to work. And why are they sending them home? They are not getting their own way, because President Clinton and the Democrats in Congress are saying "No, we don't want seniors' monthly premiums for Medicare to raise at four times the rate of inflation. We think that is wrong. And we think it is wrong that you have tax cuts that disproportionately go to the richest people in this country."

Yes, Mr. Speaker, some day we should have a tax cut, but we should not have the hot fudge sundae until after we eat the vegetables. Let us get our economic house in order first, and then let us talk about tax cuts.

#### AFL-CIO SPENDING UNION MONEY TO ATTACK BALANCED BUDGET

(Mr. BALLENGER asked and was given permission to address the House for 1 minute.)

Mr. BALLENGER. Mr. Speaker, opponents of the Republican effort to balance the budget have made a number of attempts to frighten the American people. It began with medi-scare, continued with edu-scare, and now it culminates with union-scare. The Washington based leadership of the AFL-CIO intends to spend \$22 million on a campaign that attacks Republican efforts to balance the budget. Their campaign, however, is not based on the facts of the Republican plan to balance the budget, but rather on a series of lies, half-truths, and distortions.

The interesting part of this campaign is that the \$22 million is being financed by dues, fees, fines, and other special assessments on the hardworking men and women who are members of the AFL-CIO and their affiliate unions. Moreover, it is also important to note that this money is not being spent to further the interests of the union members, but rather is being spent to advance the political interests and agenda of the AFL-CIO's newly elected leadership. I wonder if the men and women who are paying for this campaign would support the use of their \$22 million, if they were aware that it was being used to advance purely political objectives that stand in the way of a balanced Federal budget and brighter future for all Americans.

#### BALANCED BUDGET PLAN AFFECTS RETIREES

(Mr. STUPAK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STUPAK. Mr. Speaker, what this budget debate is all about is the Republican plan to give a \$253 billion tax break to wealthy individuals and to repeal the minimum corporate tax. And where does the GOP balanced budget plan leave real people, like Mrs. Johnson, who wrote to me and said:

I will be 65 years old next month, but have been disabled for 9 years. At this point in time I'm very concerned about what will happen to me and my husband when changes in Medicare are made. My check is for \$332, which doesn't cover the cost of the supplemental health insurance. My husband's check is \$670 a month. At present he is quite ill and in the VA hospital.

We tried to save for our retirement years, but I had to quit my job as a nursing assistant because of many health problems. This means we have spent more just to get by than we have in income. At this rate, our small savings will not go too far. I don't know what the answers are to these problems, but I desperately hope a solution can be found that won't make life harder.

#### BALANCING RIGHTS OF ALL PARTIES IN COLLECTIVE BARGAINING

(Mr. FAWELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FAWELL. Mr. Speaker, in two hearings earlier this year, the Committee on Economic and Educational Opportunities heard from witnesses who shared their experiences with so-called "union salters." In many cases, paid union organizers, known as salters, sought employment simply to disrupt the employer's workplace or to force the employer out of business or to defend itself against frivolous charges filed with the National Labor Relations Board [NLRB]. For most of these companies—many of which were smaller businesses—the economic harm inflicted by the union's salting campaigns was devastating.

Mr. Speaker, last month the Supreme Court issued a decision that such salters were nevertheless employees under the National Labor Relations Act [NLRA] and thus entitled to all rights and protections of that act.

Mr. Speaker, I believe that any employer is entitled to know that its employees are loyal employees not being paid by others to be destructive to its business. I am therefore exploring legislative alternatives for curbing the abusive practices involved with salting. The Court's decision notwithstanding, we must retain and ensure the balance of rights of employers and employees that is fundamental to the system of collective bargaining.

#### FAMILY FRIENDLY CONGRESS

(Mr. BENTSEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BENTSEN. Mr. Speaker, welcome to the family friendly Congress. If you are a Federal employee, say, at NASA, tell the kids "Sorry, no Christmas. Dad is out of work. Santa ain't coming. The grinch stole Christmas."

If you are a tourist visiting the Smithsonian with your kids, sorry, no Air and Space Museum. But what about buying a coin?

If you are a veteran, sorry, no Veterans Administration.

Mr. Speaker, this is family unfriendly, because this House, your House, has failed to do its duty. You did not pass your budget in time, you did not pass your appropriations in time, you failed to realize how the Constitution works. And if all of America does not accept your budget, Medicare cuts, tax cuts and all, then there is no deal, no Christmas, sorry, kids, sorry, America.

The Constitution does not work that way. This Congress is not working the way that our forefathers intended it to.

#### TIME TO BALANCE BUDGET IS NOW

(Mrs. SEASTRAND asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SEASTRAND. Mr. Speaker, the time to balance the budget is now. For 40 years, the liberal politicians in this town were willing to put off decisions until tomorrow. And look what it got us—a 5 trillion dollar debt.

No, let me rephrase that. Look what it got our children—a 5 trillion dollar debt. You see, Mr. Speaker, that's what this debate is really about. It's about our children and it's about our children's children. Unless we stand firm now, their future doesn't look very bright. But if we can just restrain our spending, we can help restore the American dream for our children.

That is a Christmas gift worth giving the American people. Mr. Speaker, I'm tired of hearing excuses from the President. It's time to do the right thing for our children's future—it's time to balance the budget. So we ask the President, put a real plan on the table. Help us save the next generation. Balance the budget now.

#### FREE THE NATION'S CAPITAL

(Ms. NORTON asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. NORTON. Mr. Speaker, I rise this morning to alert this body that the Capital of the United States is still hanging out there about to choke. The conference report that was to materialize yesterday did not because of the complications here and in the Senate.

The conference report, I am told, will come forward today. That would be the ball game. That is the right way to handle this. We are already into extra innings that are killing the Capital of the United States.

An agreement structured by the Speaker himself will come before us as the conference report. Vouchers will be out, not because this body wanted them out or because the Speaker wanted them out, but because of a filibuster in the Senate. It is an act of leadership by the Speaker to bring it forward, and I appreciate that. I understand he will speak for it.

It would be easy for this body to sit this out, but nobody wants to shut the

Capital of the United States down. We are now running on empty. Even the gentleman from New York [Mr. WALSH], who does not support this report, does not want to shut the District down. Do the responsible thing; free the District of Columbia.

#### TIME FOR SECRETARY O'LEARY TO RESIGN AND FOR THE PRESIDENT TO NEGOTIATE A BALANCED BUDGET

(Mr. TIAHRT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TIAHRT. Mr. Speaker, it is no wonder the President is unable to come up with a balanced budget. He has Secretary O'Leary tied around his neck like a millstone. Secretary O'Leary has taken 16 international trips, she takes as many as 50 staffers with her, 60 other guests, she hires photographers and video crews to catch her at her best. She has 520 public relations employees. She has a personal media consultant, even hired a private investigative firm to see what reporters and Congressmen are trying to see which reporters and Congressmen tarnish her image, all at a cost of about \$30 million to taxpayers.

Mr. Speaker, it is not about the tax breaks for the rich or Medicare. That is all bogus. It is about wasting millions of dollars. Mike Royko of the Washington Times had it right:

Buy a rope, tie one end of the rope to Mrs. O'Leary's ankle, tie the other end to her desk. See, whipping the deficit doesn't seem to be so complicated.

Mr. Speaker, it is time for Secretary O'Leary to resign, and it is time for the President to honestly negotiate a balanced budget.

#### TIME TO STOP PLAYING GAMES

(Ms. DELAURO asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. DELAURO. Mr. Speaker, last month, Speaker GINGRICH shut down the Government because he did not like his seat on Air Force One. Now he is at it again.

This time Speaker GINGRICH has shut down the Government to try to get his way on the budget, throwing more than 200,000 people out of work a week before Christmas. These families are being used as pawns in the Speaker's attempt to force through huge cuts in Medicare, Medicaid, education, and the environment, all to pay for a \$245 billion tax break for the wealthiest Americans.

Mr. Speaker, they are so wedded to this tax break, the crown jewel of the Contract on America, that they are willing to put the lives of 200,000 working Americans at risk. These folks are not being paid one week before Christmas holidays, and they are willing to put those lives at risk in order to give their rich CEO friends this tax break.

Stop playing games with people's lives. Have a budget that protects Medicare, Medicaid, and America's priorities.

#### BEAM ME UP

(Mr. HOKE asked and was given permission to address the House for 1 minute.)

Mr. HOKE. Mr. Speaker, I would just like to point out to the gentlewoman who just spoke that as she well knows, it was the President who vetoed three bills that could have put all of those workers back to back.

Ms. DELAURO. Mr. Speaker, will the gentleman yield?

Mr. HOKE. No, I will not yield.

Ms. DELAURO. If the gentleman will yield, he knows that is not true.

Mr. HOKE. Mr. Speaker, I have got to tell you about something I read in the paper this morning. It says Clinton told reporters before yesterday's meeting that now he thinks it is possible to reach the GOP goal of a balanced budget by 2002, using the conservative economic calculations by CBO.

Mr. Speaker, in the words of my good friend, fellow Ohioan and honorary theme team member, "Beam me up." Beam me up. It is unbelievable. The President says that he thinks it is possible to reach the GOP goal of a balanced budget by 2002. Did he read the language of the CR that he personally signed into law before he signed it? Did he read that language agreeing to do exactly that 30 days ago? And now he tells us, now he tells us that he thinks well, maybe it is possible to do that.

Mr. Speaker, what planet is the President on? This is just incredible.

#### AMBASSADOR SPIEGEL DESERVES OUR RESPECT

(Mr. RICHARDSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RICHARDSON. Mr. Speaker, in the Washington Post this morning there is a report about the majority leader and the Speaker expressing concern about remarks made by Ambassador Dan Spiegel, our U.N. representative in Geneva, for allegedly attacking the Congress.

Mr. Speaker, Ambassador Spiegel's remarks were taken out of context. He was not attacking the Congress. He was discussing the impact of a growing isolationist trend which has had a devastating impact on our payments to the United Nations and its specialized agencies.

Dan Spiegel worked in the U.S. Senate for 6 years for Senator Hubert Humphrey. He has great respect for this institution. In any event, Ambassador Spiegel has apologized and the matter should be put to rest.

Mr. Speaker, Ambassador Spiegel is one of our best ambassadors. We should now move on, now that his remarks have been clarified. He deserves our

strong support, as he has an outstanding record, both from the private as well as the public sector.

#### TIME FOR THE PRESIDENT TO LEAD

(Mr. LEWIS of Kentucky asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEWIS of Kentucky. Mr. Speaker, the most frightening thing today is the fact that we have a President that is not leading, but that he engages in fear tactics to scare the elderly about Medicare, when the fact is there is only 2 percent difference in the Medicare plan that we have and what the President has, \$138 difference over a whole year in the year 2002.

The fact of the matter is the President is not concerned about Medicare, he is concerned about AmeriCorps, he is concerned about all the liberal social programs that he wants to spend dollars on and bankrupt our economy and not provide a future for our children.

Mr. Speaker, it is time the President starts to lead us into the 21st century and save this Nation from economic disaster. It is time to save the future for my 13-year-old daughter and my 24-year-old son. It is time for the President to be the President and lead this Nation and do the right thing.

#### PROGRESS REPORT ON THE 104TH CONGRESS

(Mr. FARR asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FARR. Mr. Speaker, I rise on this cold, wintry day here at the end of the year to remind us how it all got started. Remember we were here last January with all our families when a new leadership took over, a leadership that promised that this Congress would be family friendly, that we would have an ambitious agenda, that they would deliver their Contract on America, and that first 100 days they really went to work. They did a lot and celebrated here with great big circuses and things like that.

Mr. Speaker, look at it at the end of the year. We have been in Congress more days, cast more votes, and done less than any Congress in history. No budget bill was adopted on time, none of the appropriation bills were adopted on time. Why? All because of stubbornness of the Speaker to keep a tax break, keep a promise.

□ 1030

Look at what the Speaker said. He said, "I do not care what the price is. I do not care if we have no executive offices and no bonds for 30 days. Not at this time."

This Speaker has shut down Washington just at Christmas time. Well, Mr. Speaker, join the spirit of Christmas, start giving. Give up the tax break.

#### FEDERAL EMPLOYEES AND OTHERS HURT DUE TO SHUTDOWN CAUSED BY DISAGREEMENT ON BUDGET

(Mrs. MORELLA asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. MORELLA. Mr. Speaker, we hear there is a ray of light and hope in the Budget Balancing Act that is going on. I certainly hope so, because it is about time. I urge the President to work with the leadership to develop the balanced budget plan.

We have 260,000 families who have been furloughed, Federal employees furloughed. And their families and their friends, they are worried, demoralized, filled with anguish, lacking self-esteem, and here it is during a holiday season. They do want to work.

I have also heard from Federal employees who are not furloughed. They are frustrated that they cannot get their work done during the shutdown. It poses serious threats when a pharmacist cannot send out a prescription, NIH must stop research and CDC has furloughed 61 percent of its employees.

Some of the other effects of the shutdown will cost \$40 million a day in lost wages in the private sector. For each day of the shutdown 2,500 families will not be able to close on their mortgages because new Federal housing insurance guarantees were stopped, removing \$200 million a day in housing transacted from the economy. Two hundred sixty businesses that receive SBA loans will not get financing, and maybe later on welfare and veterans benefits will be delayed. Let us get on and let the light shine through and come to a conclusion.

#### GOVERNMENT SHUTDOWN DUE TO FISCAL MISMANAGEMENT BY NEW MAJORITY

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, I do not think there is one American business or one American family that would dare run their finances the way the Republican leadership is running the finances of this country. We are now one quarter of the way, almost, into this fiscal year, and 75 percent of the domestic budget has not passed yet; 75 percent. Imagine.

What is their excuse? They do not like, or they cannot agree on projections as to what is going to happen 7 years from now. Hey, try that when they come and ask us to pay our bills, and we say I cannot pay my bills yet because I have not put my budget together yet because I have not figured out what kind of predictions are going to be 7 years out.

This is all to distract people on the fact of the tremendous mismanagement, the fiscal mismanagement of

this Government. It is an outrage that many people are out on the streets, that veterans may not get their checks, that we can go on and on and on, and this is the first time in history we have had two shutdowns.

This is outrageous.

#### PRESIDENT AND DEMOCRATS WISH TO AVOID BALANCING THE BUDGET

(Mr. BAKER of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BAKER of California. Mr. Speaker, this morning I want to read a brief section from this morning's New York Times concerning yesterday's budget meeting between the President, Vice President, Speaker GINGRICH, and Senator DOLE:

Vice President Al Gore, who attended the oval office session and called it "constructive," said there was a "slight misunderstanding," and that there had been no pledge to use the Congressional Budget Office's assumptions. He also said no timetable had been set.

"But minutes later, Michael D. McCurry, the White House Press Secretary, scurried," this is their quote, "to amend Mr. GORE's remarks and said the President has agreed that when any individual part of the budget was discussed, the parties would use Congressional Budget Office estimates of how much it would save or cost."

Mr. Speaker, this revealing exchange points up a simple fact. We are hearing from the White House the dying gasp of liberalism, the ferocious efforts of our Democratic colleagues to avoid balancing the budget, reflected by the Vice President's frantic efforts to back away from fiscal integrity.

The President signed a law he has now reaffirmed: to balance the budget. Mr. Speaker, the Republican Congress will stay here as long as it takes to get a balanced budget, lower taxes, less centralized government, lower interest rates, a brighter future for America's seniors and children and all future generations.

#### REPUBLICANS' IDEA OF BALANCING THE BUDGET IS NOT BALANCED FOR ALL AMERICANS

(Mr. DOGGETT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DOGGETT. Mr. Speaker, could it be too much Christmas egg nog? Surely there must be some explanation as to why our Republican colleagues continue to insist on a balanced budget that has no balance for ordinary American families. For the privileged, of course, this budget is what one might call the eat-dessert-first approach.

They propose to provide tax breaks to the privileged in our society and to give a lot of them out next year on election eve. They will actually, under

the budget they insist the President should capitulate to, they will actually solve the budget deficit by increasing the budget next year, not decreasing it.

And what happens later on, after 2002? Well, within 10 years, this budget deficit will explode because of their tax breaks for the privileged, costing a total of \$416 billion.

That is no way to balance the budget. Indeed, it is the same way they are handling this government shutdown. Waste a billion dollars of taxpayers' money to pay Federal employees not to work because they do not like the Government. Some logic, some approach to a budget that is not balanced for ordinary Americans.

#### PRESIDENT'S REASONS FOR VETOING OF SECURITIES LITIGATION REFORM BILL WERE WRONG

(Mr. TAUZIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TAUZIN. Mr. Speaker, just a couple of weeks ago this House, by a vote of 320 Members in support, nearly 100 Democrats joining Republicans, voted for landmark securities litigation reform, a bill to stop frivolous lawsuits that are driving up the cost of doing business in America unnecessarily.

Yesterday, amazingly, the President vetoed that legislation. He did so in a veto message that is equally amazing. He did it with the following excuses:

One, that the pleading requirements were too strong. The pleading requirements are simply what one alleges in a lawsuit. That is all one has to do is allege a proper cause of action. Second, he did not like the statement of the managers. Not the bill, the statement of the managers included with the bill. And, third, he did not like the notion that rule XI, the provision that gives the court the right to assess costs on a frivolous lawsuit lawyer, the plaintiff's lawyer, he thought that was too hard on the plaintiff, not hard enough on the defendant.

Mr. President, it is plaintiffs who file frivolous lawsuits, not defendants. Those are not good reasons to veto this bill. Why did he do it? My conclusion. He wants this House and the Senate to take responsibility for making this good bill law. He wants us to override. We will have that chance today. Let us override the veto.

#### DEMOCRATS REFUSE TO GIVE IN TO REPUBLICANS' MEAN-SPIRITED APPROACH TO BALANCING THE BUDGET

(Mr. WATT of North Carolina asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WATT of North Carolina. Mr. Speaker, I have two questions for my Republican colleagues this morning.

How in the world does one justify giving a \$240 billion tax break to the richest people in the United States when they are cutting \$270 billion from Medicare and \$180 billion from Medicaid?

Second, how does one justify shutting down the Government when the President and the Democrats refuse to give in to that insane, mean-spirited approach to balancing the budget?

Imagine that, the rich get richer, the poor and the elderly get sicker, and GINGRICH does, in fact, steal Christmas.

#### DEMOCRATS' LEFT-WING EXTREMIST PROGRAMS STEAL FROM AMERICA'S CHILDREN

(Mr. KINGSTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KINGSTON. Mr. Speaker, the Democratic party has truly confused their role with Santa Claus, but not with giving gifts of their own making, with money they have confiscated from the overworked, overtaxed, underappreciated, middle-income working families. But what is worse, realizing that Christmas is about children, the Democrats have stolen the majority of their money for their left-wing extremist programs from America's children.

Yes, that is true, today's children, taxpayers of tomorrow, will get a gift from President Clinton and his extreme liberal Democrat allies: a \$5 trillion debt. If a baby is born today, over the next 75 years he or she will owe \$187,000 as his or her portion of the debt above and beyond local State and Federal taxes.

Mr. Speaker, if that is compassion, if that is the Christmas spirit, I would just as soon be celebrating ground-hog day.

#### REPUBLICANS CHANGING OUR FAVORITE CHRISTMAS CAROLS

(Mr. MENENDEZ asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MENENDEZ. Mr. Speaker, we all know that the Republicans said things would change when they took over the Congress, but nobody thought they'd be changing some of our favorite Christmas carols.

Have you heard the new version of this old favorite carol about the latest Government shutdown?

The weather on the Hill is frightful, and the budget cutting so spiteful. But the Republican Scrooges, pose, let it close, let it close, let it close.

It's time for Republicans to understand that there are some things better left untouched, and that includes keeping government open so that veterans and seniors can get their claims processed, taxpayers don't lose out on the valuable services they pay for, and visitors to the Nation's capital from throughout the world don't find themselves shut out.

And finally, Federal workers don't find themselves with the Gingrich that stole Christmas.

We can balance the budget—but it must be balanced not only by the numbers—but in its affect on seniors, children, families & working Americans.

#### COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

OFFICE OF THE CLERK,  
Washington, DC, December 20, 1995.

Hon. NEWT GINGRICH,  
Speaker, House of Representatives,  
Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted in Clause 5 of Rule III of the Rules of the U.S. House of Representatives, I have the honor to transmit a sealed envelope received from the White House on Tuesday, December 19, 1995 at 11:11 p.m. and said to contain a message from the President whereby he returns without his approval H.R. 1058 the "Private Securities Litigation Reform Act of 1995."

With warm regards,  
ROBIN H. CARLE,  
Clerk.

#### PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 104-150)

The SPEAKER pro tempore laid before the House the following veto message from the President of the United States:

*To the House of Representatives:*

I am returning herewith without my approval H.R. 1058, the "Private Securities Litigation Reform Act of 1995." This legislation is designed to reform portions of the Federal securities laws to end frivolous lawsuits and to ensure that investors receive the best possible information by reducing the litigation risk to companies that make forward-looking statements.

I support those goals. Indeed, I made clear my willingness to support the bill passed by the Senate with appropriate "safe harbor" language, even though it did not include certain provisions that I favor—such as enhanced provisions with respect to joint and several liability, aider and abettor liability, and statute of limitations.

I am not, however, willing to sign legislation that will have the effect of closing the courthouse door on investors who have legitimate claims. Those who are the victims of fraud should have recourse in our courts. Unfortunately, changes made in this bill during conference could well prevent that.

This country is blessed by strong and vibrant markets and I believe that they function best when corporations can raise capital by providing investors with their best good-faith assessment of future prospects, without fear of costly, unwarranted litigation. But I

also know that our markets are as strong and effective as they are because they operate—and are seen to operate—with integrity. I believe that this bill, as modified in conference, could erode this crucial basis of our markets' strength.

Specifically, I object to the following elements of this bill. First, I believe that the pleading requirements of the Conference Report with regard to a defendant's state of mind impose an unacceptable procedural hurdle to meritorious claims being heard in Federal courts. I am prepared to support the high pleading standard of the U.S. Court of Appeals for the Second Circuit—the highest pleading standard of any Federal circuit court. But the conferees make crystal clear in the Statement of Managers their intent to raise the standard even beyond that level. I am not prepared to accept that.

The conferees deleted an amendment offered by Senator Specter and adopted by the Senate that specifically incorporated Second Circuit case law with respect to pleading a claim of fraud. Then they specifically indicated that they were not adopting Second Circuit case law but instead intended to "strengthen" the existing pleading requirements of the Second Circuit. All this shows that the conferees meant to erect a higher barrier to bringing suit than any now existing—one so high that even the most aggrieved investors with the most painful losses may get tossed out of court before they have a chance to prove their case.

Second, while I support the language of the Conference Report providing a "safe harbor" for companies that include meaningful cautionary statements in their projections of earnings, the Statement of Managers—which will be used by courts as a guide to the intent of the Congress with regard to the meaning of the bill—attempts to weaken the cautionary language that the bill itself requires. Once again, the end result may be that investors find their legitimate claims unfairly dismissed.

Third, the Conference Report's Rule 11 provision lacks balance, treating plaintiffs more harshly than defendants in a manner that comes too close to the "loser pays" standard I oppose.

I want to sign a good bill and I am prepared to do exactly that if the Congress will make the following changes to this legislation: first, adopt the Second Circuit pleading standards and reinsert the Specter amendment into the bill. I will support a bill that submits all plaintiffs to the tough pleading standards of the Second Circuit, but I am not prepared to go beyond that. Second, remove the language in the Statement of Managers that waters down the nature of the cautionary language that must be included to make the safe harbor safe. Third, restore the Rule 11 language to that of the Senate bill.

While it is true that innocent companies are hurt by frivolous lawsuits and that valuable information may be

withheld from investors when companies fear the risk of such suits, it is also true that there are innocent investors who are defrauded and who are able to recover their losses only because they can go to court. It is appropriate to change the law to ensure that companies can make reasonable statements and future projections without getting sued every time earnings turn out to be lower than expected or stock prices drop. But it is not appropriate to erect procedural barriers that will keep wrongly injured persons from having their day in court.

I ask the Congress to send me a bill promptly that will put an end to litigation abuses while still protecting the legitimate rights of ordinary investors. I will sign such a bill as soon as it reaches my desk.

WILLIAM J. CLINTON.

THE WHITE HOUSE, December 19, 1995.

□ 1045

The SPEAKER pro tempore (Mr. WICKER). The objections of the president will be spread at large upon the Journal, and the veto message and the bill will be printed as a House document.

The question is, Will the House, on reconsideration, pass the bill, the objections of the President to the contrary notwithstanding?

The gentleman from Virginia [Mr. BLILEY] is recognized for 1 hour.

Mr. BLILEY. Mr. Speaker, for purposes of debate only, I yield 30 minutes to the gentleman from Massachusetts [Mr. MARKEY], pending which, I yield myself such time as I may consume.

(Mr. BLILEY asked and was given permission to revise and extend his remarks.)

Mr. BLILEY. Mr. Speaker, the conference report on securities litigation reform passed this House on December 6 by a vote of 320 to 102. It had previously cleared the Senate by a vote of 65 to 30. Strong bipartisan majorities have embraced this legislation as a way to end the scandalous state of securities strike suits. Testimony has revealed that these suits amount to legalized extortion by the plaintiffs bar.

The plaintiffs bar is not more important than the investors who lose their savings to these extortion artists.

In the floor debate we learned that every single one of the top 10 companies in Silicon Valley—world class multinational competitors like Hewlett-Packard, Intel, Sun Microsystems and Apple Computer—have been accused of violating the antifraud provisions of the securities laws. Not all of these companies are guilty of fraud, they are at least as worthy of protection as is the plaintiff bar.

We do know that the safe harbor in Securities Litigation Reform has been endorsed by the President's own SEC Chairman, Arthur Levitt. We do know that CHRIS DODD, the general chairman of the Democratic Party supports securities litigation reform I rise today to urge an override of this veto which

flies in the face of common sense and the hard work of bipartisan majorities in both Houses of Congress.

This is extremely important legislation for investors and for our economy. It is designed to curb frivolous and abusive securities litigation. This kind of litigation exacts a tax on this country's most productive and competitive companies and their shareholders.

Job creating, wealth producing companies that have done nothing wrong, too often find themselves subject to class action lawsuits whenever their stock price drops. They are forced to pay extortionate settlements, because the costs of defending these lawsuits are prohibitive. And, when companies are forced to settle, their shareholders, ultimately, pay the costs.

We have tolerated this scandalous situation long enough. Let's end these strike suits. Stand with investors, professionals, and jobs. Vote to override the veto.

Mr. Speaker, I reserve the balance of my time.

Mr. MARKEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the President has determined that a veto is appropriate for this particular piece of legislation, and has sent back to this Congress a number of concerns which I think he has legitimately raised about the legislation in its present form.

I think that it is ill-advised for us to be debating a veto and its override at this particular time. I think that the more appropriate course for this House would have been for there to now have been conducted a conversation, a negotiation between the White House and the Members of Congress who have an interest in this bill to determine whether or not changes could have been made which would have dealt with the very legitimate concerns which were raised in the President's veto message.

That has not been the case. Instead, what we see is a rush here to the floor to override the President's veto without any real deliberation as to the substantive issues which were raised in his message. I think that is a big mistake, Mr. Speaker. I think that this House should have, in fact, engaged today at least in a discussion of the very important issues that have been raised.

Mr. Speaker, let us begin with a number of these concerns and try our best to lay out why the President did take the time to pour over this particular bill and to dissect it, as the good law professor which he used to be, in an attempt to come to some common sense resolution of a very troublesome set of issues.

Clearly, the President agrees with just about every Member out here that frivolous lawsuits have to be cut off. We cannot allow the courts to be used in a way that have frivolous lawsuits being brought by unscrupulous lawyers in an attempt to hold up legitimate businesspeople across this country.

But at the same time, the President does not want the law changed in a way

that prohibits meritorious lawsuits from being brought. He makes quite clear his concern that, in fact, that would be the necessary result of passage and ultimate implementation of the bill as it had originally been passed through the House and the Senate.

The pleading requirement, as it has been included in the legislation originally, must be modified so that it is tough, but that it is also reasonable.

The Second Circuit's existing standard for pleading, which passed the Senate, by the way, in June, should be included in the bill, in my opinion. This is the second highest priority, I think, overall in this legislation, along with a number of other concerns which I will raise a little bit later.

My colleagues should note that the ninth circuit, which includes California, rejected the second circuit standard in favor of a much more relaxed approach. So, the codification of the second circuit's standard is something which in my opinion is something that we should be debating out here on the floor.

The issue has been raised by Senator SPECTER who has taken the time to write to the White House and he strenuously objects to the bill in its present form. Leading legal scholars, including the dean of the NYU Law School, believes that this is one of the most harmful issues in the bill.

In addition, and something that is quite important in the overall deliberations, is the safe-harbor provision for forward-looking statements, which would give blanket immunity to those who would commit intentional fraud. A scienter requirement should be added to the safe-harbor so that intentional wrongdoers cannot cloak them in immunity that was intended only for those who make good-faith projections in estimates. That is, in fact, a contention which has to be debated throughout this entire proceeding.

Mr. Speaker, it is important to note that the statement of managers accompanying the conference report instructs courts to look only at the adequacy of the meaningful cautionary language to determine if the safe-harbor should apply. The state of mind of the company's executives, meaning whether not they intended to deceive or to mislead investors, is supposed to be irrelevant, even if the executive of the company, of the financial firm, intentionally lies to the investing public.

Now, that is wrong; simply wrong, and it must be addressed in this debate that we are having on such an important piece of legislation.

I also want to note that this revision would be consistent with a statement previously attributed to the President, which I think is now quite clear in his veto message, that he could not sign a bill that allowed someone to lie intentionally and to get away with it. That is the core of his message, and it is something that I think we are going to have to deal with today, and in the subsequent days ahead, as we with

what the ramifications of passage of this bill without inclusion of the very wise recommendations that have been made by the President to the Congress in his veto message.

Mr. Speaker, I reserve the balance of my time.

Mr. BLILEY. Mr. Speaker, I yield 3 minutes to the gentleman from Texas [Mr. FIELDS], the chairman of the Subcommittee on Telecommunications and Finance.

(Mr. FIELDS of Texas asked and was given permission to revise and extend his remarks.)

Mr. FIELDS of Texas. Mr. Speaker, it is with a heavy heart that I rise today. The Congress crafted strong bipartisan legislation designed to curb securities litigation abuse. The legislation was approved by veto-proof majorities in both houses. The President obviously does not see the wisdom of the approach and vetoed the legislation.

Mr. Speaker, I call on all Members to override this veto on this very important piece of legislation. As was pointed out in the floor debate, American companies, particularly high-technology companies in California, have become the target of speculative, abusive securities litigation which enriches lawyers at the expense of shareholders and the economy.

These abusive securities lawsuits are brought by a relatively small number of lawyers specializing in initiating this type of litigation. In many cases, the plaintiffs are investors who own only a few shares of the defendant corporation and the corporations are frequently high-technology companies whose share price volatility precipitates that lawsuit.

The plaintiffs do not need to allege any specific fraud. Many of these suits are brought only because the market price on the securities has dropped. The plaintiff's attorneys name, as individual defendants, the officers and directors of the corporation and proceed to engulf management in a time-consuming and a costly fishing expedition for the alleged fraud.

Mr. Speaker, it has been pointed out that one of the most compelling statistics for reform, I believe, comes from Silicon Valley where one out of every two companies has been the subject of a 10(b)(5) securities class action.

Mr. Speaker, the current securities litigation system is seriously affecting the competitiveness and the productivity of America's high-technology companies, and it is also affecting our ability to create jobs.

In summary, Mr. Speaker, I believe we have demonstrated that the current securities litigation system promotes meritless litigation, shortchanges investors and it costs jobs. It is a show-case example of the legal system gone awry.

Mr. Speaker, I urge Members to override this veto to support wise and prudent litigation reform.

Mr. MARKEY. Mr. Speaker, I yield such time as he may consume to the

gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Speaker, a bad bill, conceived with bad process, badly handled, leading to serious abuses in the marketplace, putting innocent and helpful investors at mercy of scoundrels and rogues, has been vetoed by the President.

□ 1100

The President said that he is prepared to sign a good bill, that he is prepared to work with the Congress to end the litigation abuses while at the same time protecting the legitimate rights of ordinary investors. He says that in his message.

I urge my colleagues to listen to the President of the United States and to read the veto message, to see why it is this iniquitous piece of legislation was vetoed. It is a poor piece of legislation. It favors rascals and rogues over the innocent and the honest. It creates a situation where a law-abiding citizen cannot get decent redress in the courts. It raises questions as to the integrity of the American process for offering securities, and it will raise questions about the integrity of our markets. It will ultimately hurt the process of developing capital in this country because it will threaten the thing which is absolutely essential to the workings of the capital markets of the United States, and that is public confidence.

A lot of people think that the public securities offerings and the industry in this country run on money. That is not true. The market runs on public confidence, and if it produces the public confidence it has been doing since the 1934 act was passed, the market produces a lot of money for everybody involved.

What is wrong with this bill? First, the process was unfair, and no careful attention was given to responsible amendments or to intelligent discussion of the abuses that were going to be unleashed upon the investing public.

But beyond that, the President points out why he has vetoed it. The pleading requirements require not a genius but a psychiatrist, and the discovery process is closed until such time as it is impossible to deal with the claims that an honest claimant would make who had been improperly treated and had been hurt by improper behavior of scoundrels in the securities industry.

Second, it has a most curious safe harbor provision, a safe harbor provision which permits active fraud, active fraud, deceit and serious misbehavior.

I would urge my colleagues to not permit a safe harbor provision which allows such scandalous behavior to be inflicted upon the trusting and the innocent investor by slippery managers of corporations interested in maximizing stock prices or their particular earnings.

Last of all, it treats the plaintiffs in suits of this kind in a way which makes the loser pay, a situation which

will deny honest citizens who might not prevail in a lawsuit an opportunity to expect fair treatment from the courts of their country.

I would urge my colleagues to support the President. The veto is a good one. If the veto is sustained, we can come back and write a decent bill. We can write a bill which addresses the real problems which exist with regard to litigation abuses, and at the same time we can protect American investors and protect the confidence of the American people in their securities industry and their securities markets. That is the step which would be in the best interests of not only the country, the securities market, the securities industry, public confidence in the securities that are offered in this country, but also something which is best and fairest to those who do not have the means to protect themselves against malefactors of great wealth.

I urge my colleagues to vote to sustain the veto. I urge my colleagues on the committee who have the ability to do these things to then work with us to achieve a decent bill which protects the interests of all.

Mr. BLILEY. Mr. Speaker, I yield 2 minutes to the gentleman from California [Ms. ESHOO], a member of the committee.

(Ms. ESHOO asked and was given permission to revise and extend her remarks.)

Ms. ESHOO. Mr. Speaker, I rise in strong support this morning of this measure to override the President's veto of the securities litigation conference report. I think that it is highly regrettable that the President chose to send up a veto message to us. With all due respect to that veto message, I think that it is an excuse slip.

On every point that is mentioned in the veto, in a bipartisan effort all of this year we have worked to satisfy the concerns of the Securities and Exchange Commission, the administration, and the Senate in the key areas, certainly on pleadings and second circuit language, certainly on safe harbor, and that is also mentioned in the veto message, and certainly on statute of limitations. This bill is a strong bipartisan bill. It is good for investors, and it is good for our economy.

In my view, the price of not passing this conference report this year is simply too high. As the Representative from Silicon Valley, I know that businesses in my region cannot wait for an answer. The legislation provides companies with relief, but not a blank check. The right of investors to sue in cases of actual fraud is protected by this bill. In fact, the bill's safe harbor provision meets the demands set down by CALPERS, the Nation's largest pension fund, representing nearly 1 million shareholders.

Members who supported the conference report are now being asked to change their vote to satisfy its concerns about report language. I do not remember when report language was

reason for a veto, and that is why I call it an excuse slip and not a true veto message.

Mr. Speaker, I urge my colleagues to override the President's veto. I think it is regrettable, but I think that this bill needs to become law.

Mr. BLILEY. Mr. Speaker, I yield 3 minutes to the gentleman from Louisiana [Mr. TAUZIN].

Mr. TAUZIN. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, Members of the House, I, too, rise in support of this bill and for the motion to override the veto.

Let me point out what the President did not do. He did not say this was a bad bill. In fact, he complimented it. He said he supported goals of this bill. He did not say that he objected to the safe harbor provisions of this bill. In fact, he said he supported the language of the safe harbor provisions of this bill.

In fact, all he has said he objected to was the pleading requirements of this bill. Now, the pleading requirements are what the plaintiff lawyer does when he files a lawsuit, and what we have done is to make sure that the lawyer alleges a case, that you just do not go on a fishing expedition. Is that terrible?

I suggest if we are trying to deal with frivolous lawsuits, that is the very least we ought to do is require the plaintiff lawyer to plead a case, to have a decent and not a frivolous lawsuit before the court.

Second, he objected to the managers' language, not the language of the bill. I would remind the House that when a bill is sent to the President, the managers' language, the legislative history is not sent to the President. He does not veto the legislative history. He vetoes the language of the bill. He does not veto the language in the bill. He only objected to the language of the managers' report in that area. He supports, in fact, the safe harbor provisions that a previous speaker objected to this in this bill.

Finally, he objected to what is called the rule 11 section, where frivolous lawsuits are punished; that is, the plaintiff is required to put up the cost of the lawsuit. I want point out to you that he said in his veto message that we did something wrong here; we did not have a balance between plaintiffs and defendants.

First of all, it is plaintiffs who file frivolous lawsuits, not defendants. That is the problem. And rule 11 seeks to make sure when plaintiff lawyers file frivolous lawsuits that they have the obligation of paying the costs of the parties who are necessarily brought to court and required to hire attorneys.

Let me point out our language was very fair. It said that existing rules would apply to each party, plaintiffs and defendants, and that a violation by a party, plaintiff or defendant, would require mandatory sanctions by the court.

We have a balanced provision in here. What I concluded when I read this veto message is, one, the President likes the bill; two, he does not really want to sign it. He would rather we overrode his veto and we made it law. And, three, that we have huge bipartisan support for this bill, and we ought to, in fact, override the veto. Nearly 100 members of the Democratic side joined the Republican Party in this bill. It is a bill that has been in the works for well over 6, perhaps 8, years now. It is a bill in which a veto-proof majority in the House and Senate adopted the bill. It is a bill, in fact, that ought to become law. If the President will not sign it, then he is telling us to do it, and I suggest we do like Mikey, we just do it, override this veto.

Mr. MARKEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, at this point, the Members are presented with a very narrow issue: Will the House block meritorious suits, or will it allow meritorious suits to go forward in the courts of this country as they have throughout our history?

The President has asked for a very narrow set of changes. This is not about frivolous lawsuits any longer. The President agrees that frivolous lawsuits must be discontinued.

This is now a battle over whether or not we will support the President's veto, sustain him and, in fact, then begin the discussion over the narrow set of issues which he has raised to ensure that this bill does not go too far in cutting off the meritorious cases which citizens of our country have been allowed to bring throughout our history.

The President has said that he will sign just about anything in the bill except those provisions which block meritorious suits. The veto message makes very clear what changes he is seeking, and that those changes are meant to protect investors who have been defrauded.

Let me emphasize again that the President is not seeking to allow frivolous suits. The only issue raised by his veto message is whether or not, in fact, we will deal with the points in the legislation which have gone too far, which have raised pleadings standards too far, which have changed the safe harbor provisions to the point where actual lying is permitted, which put an unfair burden upon plaintiffs in terms of the risks which they must assume in terms of loser-pays. That is what we are talking about now. The rest of it the President says is acceptable to him.

Now, he is in good company. Let me read to you some of the people who side with the President. We begin with the Fraternal Order of Police, the Fraternal Order of Police, "I urge you to reject the bill which would make it less risky for white-collar criminals to steal from police pension funds while the police are risking their lives against violent criminals." That is the national president of the Fraternal Order of Police.

□ 1115

The International Association of Firefighters: "Firefighters put their lives at risk to save others. Should they also have to put their hard-earning savings at risk too?" That is the general president of the International Association of Firefighters.

The Consumer Federation of America: "The bill would immunize knowing and reckless violations of the securities laws, reduce compensation to victims of fraud, and undermine public confidence in the market. It represents special interest politics at its worst." That is the Consumer Federation of America.

Here are the Attorneys General of the United States, 11 attorneys general writing to the Congress: "We cannot countenance such a weakening of critical enforcement against white collar fraud. The bill goes too far beyond what is necessary. It would likely result in a dramatic increase in securities fraud."

Here is the U.S. Conference of Mayors and the National League of Cities commenting on this bill: "Over 1,000 letters from state and local officials from all regions of the country have been sent to Washington, representing an extraordinary bipartisan national consensus that this bill would imperil the ability of public officials to protect billions of dollars of taxpayers monies in short-term investments and pension funds."

The changes which the President recommends in his veto message will still guarantee that the frivolous lawsuits will be straight-armed out of court. But what it also does is ensure that we do not raise the bar so high that the meritorious cases, in instances where individuals across this country have been defrauded, are also knocked out of court.

If we ask people to put at risk their money in a loser-pay provision, after they have already lost half of their life savings to some financial scam, who in this Chamber expects that person to now take the double or nothing risk of knowing that under loser-pays they would be held responsible for the additional cost of trying to defend themselves against the fraud which had been perpetrated against them under these extremely high barriers that are being constructed in this bill?

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. MARKEY. I yield to the gentleman from Michigan.

Mr. CONYERS. That is, if they have any money left.

Mr. MARKEY. Exactly. I am saying they would have to put at risk the money they do have left after they have been defrauded.

Who in the world as an ordinary citizen would do that to their family, to take on a major financial or corporate entity, with the sure uncertain knowledge, not that they could lose, but that there is the risk? The risk itself it could happen, no matter how small,

would serve as an absolute bar to an ordinary citizen participating in these lawsuits. That is what this debate is about; not immunizing ordinary lawsuits, just the opposite.

Let us join together to ban frivolous lawsuits with the President, but let us not wall out the capacity to have the meritorious lawsuits which we all know, we all know in our souls, should be continued to be brought in court.

Mr. Speaker, I reserve the balance of my time.

Mr. BLILEY. Mr. Speaker, I yield 1½ minutes to the gentleman from Virginia [Mr. MORAN].

Mr. MORAN. Mr. Speaker, I think the gentleman from Massachusetts knows how much I respect and like him, and I would hope that the President would know as well, how much I respect him, even though I must urge my colleagues to vote to override this veto. I am surprised, frankly, that the President vetoed this, because I know that one of his favorite books is "The Death of Common Sense" by Phillip Howard. This is commonsense legislation. It is necessary legislation. If in faith it does get vetoed, we may not get another shot at it.

Frankly, when you read this message, much of his objection is of a nitpicking nature. It is legalistic. We know we are going to have the Second Circuit standard applied, and that in fact when legislation is at variance with legislative history or report language, that it is the bill itself that prevails.

But I do not want to speak as a lawyer, I want to speak as a stockbroker, which I was for 10 years. The fact is the most frustrating thing we encounter is the need for accurate, informative, relevant information. But I have to say, if I were the CEO of a high growth company, I would not provide that information, because of the number of people out there that will game the system. These people who exploit the deficiency of our legal system do not put any money into capital, they do not do anything for our economy. They find ways to make themselves wealthy by abusing the system. What this is is an antifraud and abuse bill that ought to be passed.

Mr. MARKEY. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. CONYERS].

(Mr. CONYERS asked and was given permission to revise and extend his remarks.)

Mr. CONYERS. Mr. Speaker, well, it is nice to find out stockbrokers would advise us to vote on this special interest legislation. Some believe the President perhaps overreacted last night with the veto. But could I suggest another route? What about making some common sense revisions he is recommending and then coming back and unanimously passing this bill?

Besides, I think there is another body that has something to say about the override. So let us not get too carried away on the vote here. Let us all settle down here for just a minute.

Now, the bill simply goes too far. We are not talking about simply limiting frivolous cases with this bill. So could all the rest of the speakers comport all of the passion that they have about frivolous cases just a little bit? We want to stop frivolous cases. What we do not want to do is stop meritorious cases. And, there are a few meritorious cases around.

This House was mistaken in trying to gauge the President's determination about these matters. The gentleman from Massachusetts told you repeatedly the President was going to veto the bill because you overreached, and now he did it today. So now we are faced with an extreme measure that requires a two-house override.

Why do we not do something more reasonable? Let us go back and look at what we can do to repair what provoked the veto, and then come back with a bill that we can all agree on. Is there something wrong with that? I do not think so.

Even the conservative Money Magazine told you the bill went too far, once, twice, three times, four times, and the local officials, 15 Attorneys General, told you the same. Thank you, Mr. President, for having the courage to do the right thing.

So, Mr. Speaker, I rise in strong opposition to this matter. The gentleman from Michigan [Mr. DINGELL] pointed out that this is classic special interest lobbying legislation.

So now we are at a point of where the American people are not going to get robbed. The Nation's seniors, whose life savings are tied up in investments, depend on honesty in investment transactions. They are being robbed with this bill.

Now, American investors know they may be robbed by swindlers, but they do not expect to be robbed from the House of Representatives. So let us get a little bit of reason in here. I think a few of our leaders on this measure, Mr. MARKEY for instance, have some suggestions that would make for a decent agreement, and that would meet White House objections, and we could go home feeling that we have not involved ourselves in this rather large rip-off that is occurring.

Now, does somebody not have something to explain about Money Magazine and the 15 Attorneys General and the thousands of local officials, the 150 outspoken editorials all who believe this bill is to extreme? Are we all nuts and you are all right?

Mr. Speaker, I thank the gentleman for allowing me to make a few comments on the floor.

Mr. BLILEY. Mr. Speaker, I yield 1½ minutes to the gentleman from Washington [Mr. WHITE], a member of the committee.

Mr. WHITE. Mr. Speaker, I thank the gentleman very much for yielding me this time.

Mr. Speaker, I would like to respond to a couple of things we heard this morning. As I told members of the

committee many times, it is only 11 months ago that I was a practicing lawyer, and I can tell you that anybody who is out there in the real world practicing law knows that this system is broken and badly needs to be fixed. It is just not something that most people who are objective about it can disagree about.

Mr. Speaker, I would have to express a little bit of concern at some of the arguments we have heard from the other side. We are hearing maybe if we just made a few changes, just took a little more time, we can come up with a better bill. The fact is we have been working on this bill for 6 or 7 years. For some people the time is just never right to make this fundamental change. The time is now; it is time to make sure we enact this.

We have also heard a lot of pious remarks about how we have to protect the investors, protect our grandmothers, all the people investing money in these companies. But the fact is, we have not really heard from the investors. It is not the investors who are concerned about this bill; it is their lawyers. It is the trial lawyers who are concerned about this bill, not the people who are supposed to be.

The great tragedy of the system we have right now is that it makes a mockery of our legal system. It sets up a system where you win not if you are right, but you win because you are able to game the system, and it is a system where even if you do win, you do not get the money. You may get a little bit of money, but most of the money goes to trial lawyers. Our system right now is a jackpot for trial lawyers. It needs to be fixed, and we need to override this veto.

Mr. BLILEY. Mr. Speaker, I yield 2½ minutes to the gentleman from California [Mr. FAZIO].

Mr. FAZIO of California. Mr. Speaker, I supported the conference agreement that passed the House because I believe it was a balanced bill and I believe it sought to solve a significant problem in the securities market while, I believe, protecting legitimately defrauded investors.

I and over 60 of my colleagues wrote to the President not long ago, since the conference committee completed its work, urging him to support the securities legislation compromise, which I think was the appropriate product of that deliberation, which did smooth some of the rough edges off the bill that passed the House.

Our letter outlined many of the changes that had been made to provide added protection to those with legitimate claims. No one wants to keep those people out of court. These improvements met all the goals that would benefit investors and companies alike. The compromise I believe would stimulate the economy, curb abuses, increase the flow of information to investors, reduce fraud, and strengthen our capital markets.

The man in charge of the Securities and Exchange Commission has written

a letter that reassures many of us to that extent. The most important element of the conference agreement is the fact that it reduces the need for lawsuits. The extreme litigious environment that currently exists certainly suggests that the ability to sue is readily protected.

Under present circumstances, a plaintiff can sue first and collect evidence of fraud later through discovery motions; as a result, a number of class action attorneys actively seek to put together lawsuits out of unforeseeable investor losses. High-tech companies in my State of California, are particularly susceptible to this kind of predatory action. It has helped dry up capital in our markets, and I believe made it harder to create jobs for Americans.

All we want to do is restore common sense to this process. We do not want to prevent legitimate actions from going forward. I understand the President has questions about the potential impact of this measure.

□ 1130

What he should not question is the impact the lack of protection is having on American businesses. Efforts to prevent frivolous actions should be supported. We need to restore the faith of the American public and the business community that when we see evidence of abuse we do something about it.

I urge the President to reconsider his position and accept this very well-crafted, well-thought-out, carefully negotiated compromise. The confidence in our markets, in our system of funding startup ventures requires it.

Mr. BLILEY. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. PAXON], a member of the committee.

Mr. PAXON. Mr. Speaker, the President's decision to veto this legislation, I believe, is a serious blow to economic opportunity, job creation and entrepreneurship in our Nation. The goal of this bipartisan legislation is to provide some protection from frivolous securities lawsuits filed against businesses, often small cutting-edge technology companies.

More and more these companies are truly the engine of growth in our economy, creating new high-paying jobs, developing new and innovative technologies, and increasing America's exports. Unfortunately, this pro-growth reform legislation fell victim to some of the Nation's most powerful special interests. A win for these special interests is unfortunately a loss for the American economy.

The good news is we can turn this around today. I urge my colleagues to override the President's ill-advised veto of this vitally important securities lawsuit reform legislation.

Mr. BLILEY. Mr. Speaker, I yield 1 minute and 10 seconds to the gentleman from California [Ms. LOFGREN].

Ms. LOFGREN. Mr. Speaker, I have been reading through the veto message of the President. I think there is some

good news and some misplaced rhetoric here on the floor today.

The President supports the securities bill, I believe, that is before us. And what remains are sort of nerd-like lawyers issues on the technical details of the language.

The President says he supports the second circuit standard for pleading. So do I. That is what is included in this bill. The President says he supports the safe harbor language in the bill, but he is concerned about the legislative history.

I am mindful that years ago the President of the United States taught law school, and years ago so did I, and this is an issue that lawyers can argue about, but I think the sounder course is to override this veto and get this bill done.

I am not meaning to say that the President does not disagree on these technical issues, but in his veto message he does support it overall. I would like to say the overheated rhetoric about fraud is entirely misplaced. These are very technical issues, and I think the sounder course is to override this veto.

Mr. BLILEY. Mr. Speaker, I yield 1½ minutes to the gentleman from California [Mr. DREIER], a member of the Committee on Rules.

(Mr. DREIER asked and was given permission to revise and extend his remarks.)

Mr. DREIER. Mr. Speaker, clearly, the vanguard of economic revitalization in this country has been the high-technology industry and the cutting edge biotechnology industry. Unfortunately, if we look at the State of California, where we have gained tremendous jobs from exports, this legislation is designed to expand that rather than jeopardize it.

We have seen very, very strong statements made by those industries from the Silicon Valley that have been victimized by this; Hewlett Packard, Sun Microsystems, Intel, Apple Computer. A wide range of companies have been impacted, and we need to realize that job creation is very important, but there is also the compassionate side to this.

I wonder how much research is not being done in the area of AIDS and cancer because of the threat of these kinds of lawsuits. When Speaker GINGRICH established his task force on California, passage of the legislation authored by the gentleman from California, [Mr. COX] was among our very top priorities, and we hope very much that in a bipartisan way, in a bipartisan way, we will be able to come together and successfully override this veto so that we, as a Congress, can send the very important signal to the largest State in the Union that we are committed to job creation, economic growth and the very important research to meet some of our most important societal needs.

Mr. BLILEY. Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois [Mr. HASTERT].

(Mr. HASTERT asked and was given permission to revise and extend his remarks.)

Mr. HASTERT. Mr. Speaker, I rise in favor of the legislation.

Mr. Speaker, I rise in support of the motion to override the President's veto.

Clearly, securities litigation reform is needed. It is good for investors and good for America's economy.

SEC rules were designed to protect investors. Investors need accurate and timely information from companies in which they invest their money. However, spectators are misusing the law to virtually extort money from honest companies when no fraud has taken place.

Frivolous class action suits are being filed—sometimes multiple suits with the same typing errors—often forcing innocent companies to settle out of court rather than face massive court fees—again, after no fraud has taken place.

Investors still have solid protection against fraud under this bill. However, this unwarranted litigation is harming U.S. companies and the economy. Business capital that could be used for technical innovation, capital investment, job creation, and investor dividends are diverted to lawsuits. In a sense, these suits represent a tax on capital.

Lest we forget that frivolous lawsuits really exist, it is interesting to note that during the last 3 years, one out of every 12 companies listed on the New York Stock Exchange was sued for securities fraud. As the author of this survey remarked, "Either you have to believe there's rampant fraud on the New York Stock Exchange, or there are a lot of people getting sued who shouldn't be."

Some may claim to be in support of getting rid of these meritless suits, but unless they are in support of this legislation, they are doing nothing to change the current problem. Suits with merit should be brought before the proper authorities and will continue to be brought and won under this legislation.

Mr. Speaker, investors need better information. The changes to prospectuses contained in this bill encourage companies to give more and better information to investors. That is why numerous citizen investor groups have been running advertisements in favor of this bill.

They know their dividends are going to be higher if the companies they invest in are not fighting off frivolous lawsuits.

I urge my colleagues to support this bill, which serves investors, small business and the American economy well.

Mr. BLILEY. Mr. Speaker, I yield such time as he may consume to the gentleman from Iowa [Mr. GANSKE].

(Mr. GANSKE asked and was given permission to revise and extend his remarks.)

Mr. GANSKE. Mr. Speaker, I rise in favor of this legislation.

Mr. Speaker, last night the President vetoed the securities litigation reform measure placed on his desk. This legislation is needed for two main reasons. First, so proper plaintiffs will have a place to redress valid grievances in a system ensuring fraud victims recover their losses and not merely the estimated pennies on the dollar. Second, the securities industry must be allowed to get back to its intended functions. A veto-proof majority in both Houses of Congress supported this legislation.

The President gave three major reasons for vetoing the legislation. First, he objects to the mandatory sanctions imposed if the court finds a rule 11 violation. Sanctions are mandatory against any party violating the rule. He claims that the provision is unreasonably harsh on plaintiffs' lawyers found in violation of the rule and that this will have a chilling effect on a plaintiff's right to sue.

The only thing chilled by this provision is meritless lawsuits that shouldn't have been brought in the first place. Plaintiffs should be forced to more carefully weigh the merits of their case before filing suit. With less meritless suits clogging up the court system, valid plaintiffs will more quickly be able to redress their grievances.

Second, the President claims the safe harbor provision will allow wrongdoers to get off scot-free. This could not be further from the truth. The provision protects companies and executives when they have done their job from meritless suits being brought against them. Companies are protected only if they have adequately informed the investor of risks associated with the investment, and if they have not made a knowing misinformation. It does not prevent plaintiffs from bringing meritless suits.

Third, tougher pleading standards ensure that the plaintiff's lawyer actually has a case before bringing a frivolous suit. Frivolous suits serve no purpose. They waste everyone's time and money. Nobody benefits—not plaintiffs and defendants involved in litigation that will go nowhere despite countless amounts of time and money expended, not the court system which gets clogged, and future plaintiffs who can't get in the courthouse door because it is so jammed.

This bill has broad bipartisan support and is endorsed by the SEC Chairman, Arthur Levitt. So why did the President veto this bill?

Does he want to put the Silicon Valley out of business as it continues to spend time defending frivolous suits rather than advancing the technological future of our country?

Does he want to keep valid plaintiffs out of court?

According to some newspaper reports, the President's decision may have been influenced by a leading member of the trial bar. We must ask whether the President's veto was designed to protect the American people or a special interest that has funneled millions of dollars to the Democratic Party.

Mr. BLILEY. Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. DEUTSCH], a member of the committee.

Mr. DEUTSCH. Mr. Speaker, I rise today in support of an override of the veto on this legislation, and I do that as a member of the Democratic Caucus and a member of the committee.

I would, once again, point out to my colleagues that this is a bipartisan bill. A majority of Democrats in this Chamber voted for this bill, both as it originally passed the House as well as the conference report. The President's veto message highlights several specific things, and I want to discuss those in the short time that I have.

The first is the issue of pleadings. Let me be very clear about that. That particular issue was in the bill at the request of the judicial conference, not

at the request of any particular industry group, but by a group of judges that deal with pleading requirements. That is why that particular issue was in the bill.

The other issue that the President raises is the issue of report language. And let me focus on that for my colleagues. What courts in this country have determined in terms of our legislative intent is that report language is not considered. It is the language that we pass in the bill. So the President's focus actually might have been accurate when he was a professor of law several decades ago in Arkansas, but by the latest court decisions that is just not accurate. Report language has no effect on the bill.

But let me talk about what the President did agree with. He agreed with the safe-harbor provisions. He had no objections to the aiding-and-abetting provisions or for the issue of fraud, because the facts of this bill are that this bill is an antifraud bill. It creates an affirmative duty by accountants to report fraud, which does not exist under existing law. So, if anything, this bill truly is an antifraud bill.

Finally, I would close just on the substance of the bill itself. This bill is really at the heart of what we are as Democrats as well. This is a jobs bill. Because the reality is the existing law stops access to capital, stops job creation in this country today. I urge support of the override of the President's veto.

Mr. BLILEY. Mr. Speaker, I yield 1 minute to the gentleman from Ohio [Mr. OXLEY], vice chairman of the subcommittee.

Mr. OXLEY. Mr. Speaker, I rise in support of securities litigation reform and the veto override attempt.

As Members know, and the White House must know, legislation to curb abusive securities-fraud lawsuits was approved by veto-proof margins by both Houses of Congress earlier in the year.

I think this is a case where the Congress needs to act to save the President from himself.

The legislation before us takes a moderate approach to the problem of frivolous securities class-action lawsuits.

There is a collection of class-action lawyers out there who are filing meritless fraud suits against publicly traded companies, especially high-technology firms, whenever their stock prices fall. They have used the securities laws to win billions from corporations and their accountants.

Meanwhile, defrauded mom-and-pop investors recover only 7 cents for every dollar lost in the market.

This legislation will return the focus of securities laws to their original purpose—protecting investors and helping actual victims of fraud.

This legislation has been described as a boon for securities firms, accounting firms, and public companies. I might add that it is a boon for employees of those companies, as well as

anyone who invests in them in the hope that their stock will go up, not down.

These reforms are long overdue, the President's veto message notwithstanding. They're good for American business, they're good for American competitiveness, and they're good for American investors.

Mr. MARKEY. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. KLINK].

Mr. KLINK. Mr. Speaker, I thank the gentleman for yielding me this time. First of all, I want to make a few points and that is that there really is not a difference of opinion between the two sides that are arguing this case about what to do concerning frivolous assembly-line lawsuits. We all agree. There are some suits where we have anecdotal evidence that this occurs, but when we look at the numbers, when we look at statistics on those studies that have been done when stock prices fluctuate, the evidence is not there that there is this avalanche of frivolous suits. It exists, it does inhibit capital, and we should take some action, but indeed the President is correct when he says this legislation goes too far.

Now, there are two ways we can deal with this problem. No. 1, we can expand the bureaucracy, which I do not think that there is anyone on the other side of the aisle who would like to see that happen. We can expand the bureaucracy and allow some bureaucrats to be able to police whether or not securities are being misrepresented to the plaintiffs; or we can do what SEC Chairman Levitt said in front of the committee, and that is identify ways to make the system more efficient while preserving the essential role that many private actions play in supporting the integrity of our markets. That is where we have gone too far.

We can have self-policing of the markets by allowing a private right of action when an individual has been hurt, and this legislation simply goes too far.

The conference report's rule XI, the President states, this provision lacks balance. It treats the plaintiffs more harshly than the defendants in a manner that comes so close to loser pay. Now, I ask my colleagues, when we start getting close to loser pay, how many people, and the gentleman from Michigan [Mr. CONYERS] brought this up a few moments ago, how many people are going to take the action after they have lost so much of their resources to lose more of it by bringing a meritorious case? We must allow room for meritorious lawsuits.

Mr. BLILEY. Mr. Speaker, I yield 1 minute to the gentleman from Ohio [Mr. BROWN], a member of the committee.

Mr. BROWN of Ohio. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I rise in support of H.R. 1058. Many of us on this side of the aisle have opposed extreme tort reform because we want consumers and work-

ers protected through sensible regulation and through the specter of potential lawsuits. H.R. 1058, however, does provide that investor protection.

H.R. 1058 is a jobs protection bill. I represent an area in northeast Ohio which is a hotbed of innovation and entrepreneurial spirit. Exporting is important, small business is important, high-tech companies are important. H.R. 1058 is a mechanism, as a bipartisan effort, to create jobs in my district and throughout this country. I urge a "yes" vote.

Mr. MARKEY. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Illinois [Mrs. COLLINS].

(Mrs. COLLINS of Illinois asked and was given permission to revise and extend her remarks.)

Mrs. COLLINS of Illinois. Mr. Speaker, I am in opposition to the motion to override the President's veto.

Mr. Speaker, I rise in opposition to the motion to override the President's veto of the conference report to accompany H.R. 1058, the Securities Litigation Reform Act. This so-called agreement would slam the doors of justice on hard-working Americans who unwittingly fall victim to corporate misconduct and fraud. It is shamelessly anticonsumer, anti-small investor, and anti-taxpayer.

Every Member of this body recognizes that there continue to be some cases in which meritless securities class action lawsuits are brought and we must take steps to deter such behavior. But the GOP's approach on this issue, as with many other issues throughout this Congress, has been to blow a minor problem way out of proportion for short-term political gain. This is simply irresponsible Mr. Speaker.

The facts are these: Of the 225,000 suits filed in Federal courts annually, only about 300 or so are securities fraud class action suits, and the courts currently have the full authority to dismiss those suits they deem to be without just cause.

Private securities lawsuits have provided a very powerful deterrent to fraud and have been invaluable in supplementing and enhancing Securities and Exchange Commission [SEC] enforcement of Federal securities laws. The Lincoln S&L/Charles Keating debacle and the Drexel Burnham/Michael Milken disaster were just two high-profile cases that were initiated as a result of private investor action.

In these two cases alone, \$262 million in hard-earned taxpayer dollars, mostly the dollars of senior citizens, was recovered. Under the conference report for H.R. 1058, a mere \$16 million of this money would have been retrievable.

It is not justifiable to throw the baby out with the bath water in the name of so-called reform. However, that is what the conference report does.

It offers a great number of incentives for corporate misconduct. Most distressing to me is the fact that the bill imposes "loser pays" requirements forcing a losing small investor in a securities fraud suit to shoulder the legal fees of the investment banking houses, accounting firms, megacorporations, etc. I don't want to tell my constituents who lose their life savings that they had invested in mutual funds, IRAs, or pension plans because of a

fraudulent action that they must then risk their homes and whatever else they may have left to have even a chance of recovering a small portion of what they lost. Do you think these investors will pursue any suit, regardless of its merits?

In addition, the measure's "safe harbor" liability exemption for "forward-looking" statements excuses unethical corporate wolves from prosecution. With these provisions, any statements made by a defendant in a securities fraud case would be exempt from liability—even if the statement is deliberately false—as long as it is accompanied by vaguely defined "cautionary" language.

I urge my colleagues to vote no on this motion, support the President, and help prevent a grave injustice to our Nation's consumers and small investors from occurring.

Mr. MARKEY. Mr. Speaker, I yield 2½ minutes to the gentleman from New Jersey [Mr. TORRICELLI].

Mr. TORRICELLI. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, when securities litigation reform legislation came to this House earlier this year, I voted for it. The Clinton administration supported it. Democrats and Republicans in this body overwhelmingly gave their assent.

□ 1145

This is not that bill.

Mr. Speaker, this is a good example of what happens when this institution does not function according to its own rules and procedures.

The bill the President vetoed is not the result of a conference committee. The conference committee did not meet. It is not the result of a bipartisan effort. Democrats were never consulted. We started with Democrats, Republicans, both bodies of the Congress, and the administration toward a common language, largely with common language, with a good purpose, and because we could not work together in good faith, we came up with a product that forced the President to issue a veto and many of us to oppose the legislation.

Mr. Speaker, that is why 15 attorneys general have stated their concerns, and leaders of the business community themselves. Look how far we went wrong, and be careful that you want to be identified with this legislation if you do not vote to sustain the veto.

The conference report drops language exempting from the safe-harbor provisions "statements knowingly made with the purpose and actual intent of misleading investors." That was dropped.

Mr. Speaker, I know we all want to do right by the business community. How about your retirees? Small business people? Pension fund managers? Ultimately, the strength of this economy rests on the confidence of our people to invest. This is not a small Latin American nation where a few large families carry the raising of capital. Our people must feel confident. We cannot pass this bill and have people

believe that they can go and make an investment and have recourse. The President will sign a bill with modest changes. It is the bill many of you voted for originally.

Mr. Speaker, I urge the Members of this body, sustain this veto. Let us get a bill worth voting for.

Mr. BLILEY. Mr. Speaker, I yield 1 minute to the gentleman from California from [Mr. BILBRAY].

Mr. BILBRAY. Mr. Speaker, I rise in support of H.R. 1058, and I rise in support for many reasons, but one of them being the fact that I think the American people have a chance today to see a bipartisan effort to protect the most critical resource of our country; that is, the ability of people to venture into agreements to invest their capital.

Mr. Speaker, I think that one of the things we see again and again, contrary to what some speakers would like to say, is that this is a bipartisan effort. You see the Representatives from California especially, from both sides of the aisle, do what we do not do enough, cross the aisle and work together for the benefit of the public.

Mr. Speaker, I wish to point out this is not just an issue of jobs. This is not just an issue of investing money. This is an issue of life and death because the companies that are being attacked are not those that are big companies, but these are the small dynamic companies that are working on issues that are absolutely essential for our citizens, such as cures for cancer, looking for a cure for AIDS, looking for those items that will save lives.

So, Mr. Speaker, I ask Members to support the override not just for the jobs, not just for the bipartisan effort, but for the citizens' lives too.

Mr. BLILEY. Mr. Speaker, I yield 1 minute to the gentlewoman from California [Ms. HARMAN].

(Ms. HARMAN asked and was given permission to revise and extend her remarks.)

Ms. HARMAN. Mr. Speaker, I represent a district in California that I consider the aerospace center of the universe, and its future depends on two things. One is a right-sized defense, but the second is diversification, so that the industrial base can prosper in industries like medical research, communications, biotechnology, green technologies, and so forth.

Mr. Speaker, that diversification will be hampered if we do not have securities law reform. I am very sorry that the White House has chosen to veto this bill, as it chose or will choose to veto our Defense authorization bill. I think in both cases the growth of California, its export potential, and its cutting-edge technology in the twenty-first century depend on policies opposite those the White House has chosen to take.

Mr. Speaker, I would make this point in closing. As a corporate lawyer, I know that there are investors on both sides of securities litigation and victims on both sides. These reforms will

protect those who invest and are subsequently defrauded as well as those who invest in companies that are unfairly targeted by strike suits.

These reforms are critical to all investors, to our Nation's future economic growth, and to the leading-edge advances that high-technology companies make to improve the quality of our lives.

Mr. BLILEY. Mr. Speaker, I yield 1 minute to the gentleman from Ohio [Mr. BOEHNER].

Mr. BOEHNER. Mr. Speaker, there is nothing wrong with this bill. It went through the House and the Senate in a bipartisan way. And during the whole process, we worked with the SEC, we worked with the administration, and we had an agreed-upon bill.

All the sudden, at the eleventh hour, the President decides to veto it. Everybody in this Chamber knows what this is. This is nothing more than raw politics. The President, having a few of his friends over for dinner and deciding, "Well, I really do not want to tell those trial lawyers, no. I really do not want to stand up and do the right thing for the American people."

Mr. Speaker, it is very simple. It is time to send the President a message that we are not going to negotiate this way. This is the same thing we have been going through with the budget for the last several months. All we get is idle talk, idle talk, but we never get serious negotiations.

Mr. Speaker, we had serious negotiations on this bill. We came to an agreement, and the fact is we ought to override it and we ought to do it today.

Mr. BLILEY. Mr. Speaker, I yield 30 seconds to the gentleman from California [Mr. FARR].

Mr. FARR. Mr. Speaker, I voted for this bill because it addressed things that were broken and needed fixing. We had a bipartisan effort to fix those things, and we did. We need to keep America competitive. Technology development depends on risk-taking. This bill allows risks to be taken and rights to be protected.

Mr. Speaker, I was shocked by this veto. It is the first time I have ever not agreed with the President on a veto, and I am going to vote to override it. I urge my colleagues who supported it in the first instance to do so in the latter.

Mr. MARKEY. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. BERMAN].

(Mr. BERMAN asked and was given permission to revise and extend his remarks.)

Mr. BERMAN. Mr. Speaker, I hear a lot of talk, general talk, about climate for investors and climate for new ventures, and trial lawyers, and bipartisan efforts. No one seems to want to address the specific points of the veto, I suggest, because there is no good answers to those specific points.

Mr. Speaker, if I heard it once, I heard it ten times from the gentleman from California when this bill passed: We want a pleading standard that

matches the Second Circuit, not the lose pleading requirement of the Ninth Circuit.

Why do they come back? The Second Circuit standard is not enough. We want to make it even tougher to file a suit based on fraud and defrauding investors.

The question of sanctions; I think there should be tough sanctions on frivolous lawsuits. I think there should be tough sanctions on frivolous defenses. Here we presume a frivolous plaintiff pays all the legal costs and we specifically prohibit a presumption of all the costs of the plaintiff by frivolous defenses by the defendant.

Finally, on the safe-harbor provisions, they allow an individual to lie to potential investors, make some cautionary statements, and state specifically they cannot make any general allegation with respect to the state of mind of the person who is lying, and then allows omission of major, major kinds of cautionary statement.

Mr. Speaker, a new drug company could represent future earnings, make forward-looking statements, talk about the problem of floods and talk about the problem of earthquakes and the problem of labor disputes, and never mention that the company that their drug is based on has not yet had FDA approval.

All we are asking is to clean this bill up so that my colleagues can achieve the purposes they say they want, without undermining the ability of fraudulent actors to pay the penalties they should be paying to the investors they have defrauded.

Mr. BLILEY. Mr. Speaker, I yield 30 seconds to the gentleman from New York [Mr. FRISA], a member of the committee.

Mr. FRISA. Mr. Speaker, the President, as is his right, chose to use his pen to veto legislation that I feel is very important for our high-tech companies to encourage growth, to encourage innovation, to encourage the creation of more jobs, to protect our accounting profession and other professions that deal with especially new, emerging companies that create growth.

So, Mr. Speaker, I would urge all of the Members of the House to exercise their right to override the ill-advised veto of the President so that we can accomplish these objectives.

Mr. BLILEY. Mr. Speaker, I yield 30 seconds to the gentleman from Wisconsin [Mr. ROTH], a member of the Committee on Banking and Financial Services.

Mr. ROTH. Mr. Speaker, as chairman of the Subcommittee on Economic Policy and Trade, I, along with the gentleman from Connecticut [Mr. GEJDENSON], have looked at this issue of jobs. The reason this bill is so important, this securities legislation, is because it really revolving around jobs.

Many of our companies are moving overseas. Why? Because of frivolous lawsuits. Many of our companies are

not bringing in the innovation that we need today. Why? Because they are afraid of frivolous lawsuits.

Mr. Speaker, in his opening remarks, the gentleman from Virginia [Mr. BLILEY] pointed to a "T" to the central nub of the problem, and that is what we want to focus on. I know if the President had a chance to reconsider, he would sign this legislation.

Mr. BLILEY. Mr. Speaker, I yield 30 seconds to the gentleman from California [Mr. HUNTER].

Mr. HUNTER. Mr. Speaker, just to follow my colleague's remarks, 53 percent of our high-technology companies in Silicon Valley have been hit with the type of fraudulent lawsuits that this legislation would prohibit. If my colleagues want to bring back the California economy—and it is still struggling—and if the President wants to bring back the California economy and get a little credit for it, let us get this legislation passed. Please support this override.

The SPEAKER pro tempore. The gentleman from Virginia [Mr. BLILEY] has 2½ minutes remaining, and the gentleman from Massachusetts [Mr. MARKEY] has 2 minutes remaining.

Mr. BLILEY. Mr. Speaker, we have one speaker left to close, and I reserve the balance of my time.

Mr. MARKEY. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, when a hurricane or a tornado causes a billion dollars' worth of damage to homes and families, the Nation races to their aid. But when investors are defrauded of \$1 billion, such as the Prudential Securities case, it is a silent hurricane that ravages the life savings of families across this country.

The President wants to protect growing companies and growing families. We must help him to fix this bill. We must have a "no" vote on this override. It is absolutely critical for us to block all frivolous cases. The President, and those of us who are supporting the President's position, want to block all frivolous lawsuits, and we will do so. But we do not want to block meritorious cases.

Mr. Speaker, what a sad state of affairs in this country if, in the name of job creation, we block meritorious cases brought by defrauded investors against financial scam artists who have lied and deceived investors in this country.

Mr. Speaker, a "no" vote is the only correct vote here to defend against the defrauding of investors in this country; to ensure that meritorious cases can be brought; to ensure that the pleadings are not too high; to ensure that, in fact, loser-pays does not become an absolute block to ordinary individuals in bringing cases; to ensure that companies and financial experts cannot lie, deliberately lie, deliberately defraud individuals across this country.

Support the President. Vote "no". Vote "no" here to protect average investors in this country. Mr. Speaker, I tell my colleagues, we will come back

and we will give them a bill which will block all frivolous lawsuits that will be brought in this country. Vote "no."

□ 1200

Mr. BLILEY. Mr. Speaker, I yield the remainder of our time to the gentleman from California [Mr. COX], a member of the committee who has done more work on this bill perhaps than almost anyone else on our side.

Mr. COX of California. Mr. Speaker, I thank the gentleman for yielding me this time.

Christmas Day is approaching. We are still hard at work because we are in the midst of a historic effort to pass the first balanced budget in 30 years. It is a difficult time. There is some partisan rhetoric on the floor.

But in the midst of this we have managed to produce one of the most bipartisan, carefully crafted pieces of legislation in congressional history. It is no accident that this bill passed the House of Representatives and the Senate by overwhelming, more than two-thirds, more than veto-proof margins.

Fraudulent litigation, everyone has accepted, is a serious problem in America. The manipulation and abuse of our securities laws by unethical multimillionaire bandits is a serious problem in need of a remedy. This bill comes after long and hard work, not just between the House and the Senate, not just Democrats, a majority of whom have voted to support this legislation, and Republicans, but with the administration and with the Securities and Exchange Commission.

We wanted to craft a careful balance because this is such a serious issue that affects all of us. In California, it affects us at least as much as anywhere else. That is why the Governor of California has asked for your support. That is why you have seen so many California Democrats and Republicans on the floor today asking for an override of this ill-considered veto.

The President made three points. First, he believes that people who bring cases in violation of existing Federal rule 11 should not be subject to sanctions. Let me read you what rule 11 says: Only those cases that are brought for the purpose of harassment are subject to these sanctions; cases brought for an improper purpose, to intentionally delay; frivolous cases. That is what rule 11 says. Those cases have no place in our system.

And, yes, at the end of a lawsuit after the judge has heard all of the evidence, he should, or she should, be able to impose sanctions in those cases.

Second, the President said the pleadings standards, which are changed in our bill to prevent fishing expeditions, should be weakened. But we do not wish to see fishing expedition lawsuits. That is why the President's own Securities and Exchange Commission did not level this objection to this part of the bill. \* \* \* complaint about the safe harbor. The SEC chairman approved it. The Administration's own SEC approved this part of the bill.

It took 12 months to craft this legislation. It took 12 seconds for the President to set these efforts back. Let us put ourselves back on track and vote now to override the President's veto and support this most bipartisan and most important legislation.

The SPEAKER pro tempore (Mr. WICKER). Without objection, the previous question is ordered.

There was no objection.

The SPEAKER pro tempore. The question is, Will the House, on reconsideration, pass the bill, the objections of the President to the contrary notwithstanding?

Under the Constitution, this vote must be by the yeas and nays.

The vote was taken by electronic device, and there were—yeas 319, nays 100, answered "present" 1, not voting 14, as follows:

[Roll No. 870]  
YEAS—319

|              |               |              |
|--------------|---------------|--------------|
| Ackerman     | Davis         | Hilleary     |
| Allard       | Deal          | Hobson       |
| Andrews      | DeLauro       | Hoekstra     |
| Archer       | DeLay         | Hoke         |
| Armey        | Deutsch       | Holden       |
| Bachus       | Diaz-Balart   | Horn         |
| Baesler      | Dickey        | Hostettler   |
| Baker (CA)   | Doolittle     | Houghton     |
| Baker (LA)   | Doyle         | Hoyer        |
| Ballenger    | Dreier        | Hunter       |
| Barcia       | Duncan        | Hutchinson   |
| Barr         | Dunn          | Hyde         |
| Barrett (NE) | Ehlers        | Inglis       |
| Barrett (WI) | Ehrlich       | Istook       |
| Bartlett     | English       | Jackson (IL) |
| Barton       | Ensign        | Jackson-Lee  |
| Bass         | Eshoo         | (TX)         |
| Bateman      | Everett       | Jefferson    |
| Bentsen      | Ewing         | Johnson (CT) |
| Bereuter     | Farr          | Johnson, Sam |
| Bevill       | Fawell        | Jones        |
| Bilbray      | Fazio         | Kasich       |
| Bilirakis    | Fields (LA)   | Kelly        |
| Bishop       | Fields (TX)   | Kennedy (MA) |
| Bliley       | Flake         | Kennedy (RI) |
| Blute        | Flanagan      | Kennelly     |
| Boehlert     | Foley         | Kim          |
| Boehner      | Forbes        | King         |
| Bonilla      | Fowler        | Kingston     |
| Bono         | Fox           | Klecza       |
| Boucher      | Frank (MA)    | Klug         |
| Brewster     | Franks (CT)   | Knollenberg  |
| Browder      | Franks (NJ)   | Kolbe        |
| Brown (OH)   | Frelinghuysen | LaFalce      |
| Brownback    | Frisa         | LaHood       |
| Bryant (TN)  | Frost         | Largent      |
| Bunn         | Funderburk    | Latham       |
| Bunning      | Furse         | LaTourette   |
| Burr         | Galleghy      | Laughlin     |
| Burton       | Ganske        | Lazio        |
| Buyer        | Gejdenson     | Leach        |
| Callahan     | Gekas         | Lewis (CA)   |
| Calvert      | Geren         | Lewis (KY)   |
| Camp         | Gilchrest     | Lightfoot    |
| Campbell     | Gillmor       | Lincoln      |
| Canady       | Gilman        | Linder       |
| Cardin       | Gingrich      | Lipinski     |
| Castle       | Goodlatte     | Livingston   |
| Chabot       | Goodling      | LoBiondo     |
| Chambliss    | Gordon        | Lofgren      |
| Chenoweth    | Goss          | Longley      |
| Christensen  | Graham        | Lucas        |
| Chrysler     | Green         | Luther       |
| Clement      | Greenwood     | Maloney      |
| Clinger      | Gunderson     | Manton       |
| Coble        | Gutknecht     | Manzullo     |
| Coburn       | Hall (TX)     | Martini      |
| Collins (GA) | Hamilton      | McCarthy     |
| Combest      | Hancock       | McCollum     |
| Condit       | Hansen        | McCrery      |
| Cooley       | Harman        | McDade       |
| Cox          | Hastert       | McHale       |
| Cramer       | Hastings (WA) | McHugh       |
| Crapo        | Hayes         | McInnis      |
| Creameans    | Hayworth      | McIntosh     |
| Cubin        | Hefley        | McKeon       |
| Cunningham   | Heineman      | McNulty      |
| Danner       | Herger        | Meehan       |

|               |               |             |
|---------------|---------------|-------------|
| Metcalf       | Regula        | Stearns     |
| Meyers        | Riggs         | Stenholm    |
| Mica          | Roberts       | Stoneman    |
| Miller (FL)   | Roemer        | Stump       |
| Minge         | Rogers        | Talent      |
| Molinari      | Rohrabacher   | Tanner      |
| Montgomery    | Ros-Lehtinen  | Tate        |
| Moorhead      | Rose          | Tauzin      |
| Moran         | Roth          | Taylor (NC) |
| Morella       | Roukema       | Tejeda      |
| Murtha        | Royce         | Thomas      |
| Myers         | Rush          | Thornberry  |
| Myrick        | Sabo          | Thornton    |
| Neal          | Salmon        | Tiahrt      |
| Nethercutt    | Sanford       | Torkildsen  |
| Neumann       | Sawyer        | Towns       |
| Ney           | Saxton        | Trafficant  |
| Norwood       | Scarborough   | Upton       |
| Nussle        | Schaefer      | Vento       |
| Ortiz         | Schiff        | Visclosky   |
| Orton         | Schumer       | Vucanovich  |
| Oxley         | Seastrand     | Waldholtz   |
| Packard       | Sensenbrenner | Walker      |
| Pallone       | Shadegg       | Walsh       |
| Parker        | Shaw          | Wamp        |
| Paxon         | Shays         | Ward        |
| Payne (VA)    | Shuster       | Weldon (FL) |
| Pelosi        | Sisisky       | Weldon (PA) |
| Peterson (FL) | Skeen         | Weller      |
| Petri         | Skelton       | White       |
| Pickett       | Slaughter     | Whitfield   |
| Pombo         | Smith (MI)    | Wicker      |
| Porter        | Smith (NJ)    | Wolf        |
| Portman       | Smith (TX)    | Wyden       |
| Quillen       | Smith (WA)    | Wynn        |
| Quinn         | Solomon       | Young (FL)  |
| Radanovich    | Souder        | Zeliff      |
| Ramstad       | Spence        | Zimmer      |
| Reed          | Spratt        |             |

NAYS—100

|              |                |               |
|--------------|----------------|---------------|
| Baldacci     | Hall (OH)      | Payne (NJ)    |
| Becerra      | Hastings (FL)  | Pomeroy       |
| Beilenson    | Hefner         | Poshard       |
| Berman       | Hilliard       | Rahall        |
| Bonior       | Hinchev        | Rangel        |
| Borski       | Jacobs         | Richardson    |
| Brown (CA)   | Johnson (SD)   | Rivers        |
| Brown (FL)   | Johnson, E. B. | Roybal-Allard |
| Bryant (TX)  | Johnston       | Sanders       |
| Clay         | Kanjorski      | Schroeder     |
| Clayton      | Kaptur         | Scott         |
| Clyburn      | Kildee         | Serrano       |
| Coleman      | Klink          | Skaggs        |
| Collins (IL) | Levin          | Stark         |
| Collins (MI) | Lewis (GA)     | Stokes        |
| Conyers      | Markey         | Studds        |
| Costello     | Martinez       | Stupak        |
| Coyne        | Mascara        | Taylor (MS)   |
| DeFazio      | Matsui         | Thompson      |
| Dellums      | McDermott      | Thurman       |
| Dicks        | McKinney       | Torres        |
| Dingell      | Meek           | Torricelli    |
| Dixon        | Menendez       | Velazquez     |
| Doggett      | Mfume          | Volkmer       |
| Durbin       | Miller (CA)    | Waters        |
| Engel        | Mink           | Watt (NC)     |
| Evans        | Moakley        | Waxman        |
| Fattah       | Mollohan       | Williams      |
| Foglietta    | Nadler         | Wilson        |
| Ford         | Oberstar       | Wise          |
| Gephardt     | Obey           | Woolsey       |
| Gibbons      | Olver          | Yates         |
| Gonzalez     | Owens          |               |
| Gutierrez    | Pastor         |               |

ANSWERED "PRESENT"—1

Lowey

NOT VOTING—14

|             |         |               |
|-------------|---------|---------------|
| Abercrombie | Dornan  | Peterson (MN) |
| Chapman     | Edwards | Pryce         |
| Crane       | Emerson | Watts (OK)    |
| de la Garza | Filner  | Young (AK)    |
| Dooley      | Lantos  |               |

□ 1220

The Clerk announced the following pair:

On this vote:

Mr. Edwards for, with Mr. Filner against.

Mr. ROSE changed his vote from "nay" to "yea."

So, two-thirds having voted in favor thereof, the bill was passed, the objec-

tions of the President to the contrary notwithstanding.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The clerk will notify the Senate of the action of the House.

PERSONAL EXPLANATION

Mr. ABERCROMBIE. Mr. Speaker, on the last vote, rollcall 870, I was unavoidably detained. Had I been here, I would have voted "nay."

PERSONAL EXPLANATION

Mr. WATTS of Oklahoma. Mr. Speaker, on rollcall No. 870, I was inadvertently detained with constituents. Had I been present, I would have voted "yea."

GENERAL LEAVE

Mr. BLILEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 1058.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

CONFERENCE REPORT ON H.R. 1655, INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1996

Mr. COMBEST submitted the following conference report and statement on the bill (H.R. 1655) to authorize appropriations for fiscal year 1996 for intelligence and intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes:

CONFERENCE REPORT (H. REPT. 104-427)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 1655), to authorize appropriations for fiscal year 1996 for intelligence and intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Intelligence Authorization Act for Fiscal Year 1996".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—INTELLIGENCE ACTIVITIES

Sec. 101. Authorization of appropriations.

Sec. 102. Classified schedule of authorizations.

Sec. 103. Personnel ceiling adjustments.

Sec. 104. Community Management Account.

TITLE II—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

Sec. 201. Authorization of appropriations.

TITLE III—GENERAL PROVISIONS

Sec. 301. Increase in employee compensation and benefits authorized by law.

Sec. 302. Restriction on conduct of intelligence activities.

Sec. 303. Application of sanctions laws to intelligence activities.

Sec. 304. Thrift savings plan forfeiture.

Sec. 305. Authority to restore spousal pension benefits to spouses who cooperate in criminal investigations and prosecutions for national security offenses.

Sec. 306. Secrecy agreements used in intelligence activities.

Sec. 307. Limitation on availability of funds for automatic declassification of records over 25 years old.

Sec. 308. Amendment to the Hatch Act Reform Amendments of 1993.

Sec. 309. Report on personnel policies.

Sec. 310. Assistance to foreign countries.

Sec. 311. Financial management of the National Reconnaissance Office.

TITLE IV—CENTRAL INTELLIGENCE AGENCY

Sec. 401. Extension of the CIA Voluntary Separation Pay Act.

Sec. 402. Volunteer service program.

Sec. 403. Authorities of the Inspector General of the Central Intelligence Agency.

TITLE V—DEPARTMENT OF DEFENSE INTELLIGENCE ACTIVITIES

Sec. 501. Defense intelligence senior level positions.

Sec. 502. Comparable benefits and allowances for civilian and military personnel assigned to defense intelligence functions overseas.

Sec. 503. Extension of authority to conduct intelligence commercial activities.

Sec. 504. Availability of funds for Tier II UAV.

Sec. 505. Military Department Civilian Intelligence Personnel Management System.

Sec. 506. Enhancement of capabilities of certain army facilities.

TITLE VI—FEDERAL BUREAU OF INVESTIGATION

Sec. 601. Disclosure of information and consumer reports to FBI for counterintelligence purposes.

TITLE VII—TECHNICAL AMENDMENTS

Sec. 701. Clarification with respect to pay for Director or Deputy Director of Central Intelligence appointed from commissioned officers of the Armed Forces.

Sec. 702. Change of designation of CIA Office of Security.

TITLE I—INTELLIGENCE ACTIVITIES

SEC. 101. AUTHORIZATION OF APPROPRIATIONS.

Funds are hereby authorized to be appropriated for fiscal year 1996 for the conduct of the intelligence and intelligence-related activities of the following elements of the United States Government:

- (1) The Central Intelligence Agency.
- (2) The Department of Defense.
- (3) The Defense Intelligence Agency.
- (4) The National Security Agency.
- (5) The Department of the Army, the Department of the Navy, and the Department of the Air Force.
- (6) The Department of State.
- (7) The Department of Treasury.
- (8) The Department of Energy.

- (9) The Federal Bureau of Investigation.  
 (10) The Drug Enforcement Administration.  
 (11) The National Reconnaissance Office.  
 (12) The Central Imagery Office.

**SEC. 102. CLASSIFIED SCHEDULE OF AUTHORIZATIONS.**

(a) SPECIFICATIONS OF AMOUNTS AND PERSONNEL CEILINGS.—The amounts authorized to be appropriated under section 101, and the authorized personnel ceilings as of September 30, 1996, for the conduct of the intelligence and intelligence-related activities of the elements listed in such section, are those specified in the classified Schedule of Authorizations prepared to accompany the conference report on the bill H.R. 1655 of the One Hundred Fourth Congress.

(b) AVAILABILITY OF CLASSIFIED SCHEDULE OF AUTHORIZATIONS.—The Schedule of Authorizations shall be made available to the Committees on Appropriations of the Senate and House of Representatives and to the President. The President shall provide for suitable distribution of the Schedule, or of appropriate portions of the Schedule, within the executive branch.

**SEC. 103. PERSONNEL CEILING ADJUSTMENTS.**

(a) AUTHORITY FOR ADJUSTMENTS.—With the approval of the Director of the Office of Management and Budget, the Director of Central Intelligence may authorize employment of civilian personnel in excess of the number authorized for fiscal year 1996 under section 102 when the Director of Central Intelligence determines that such action is necessary to the performance of important intelligence functions, except that the number of personnel employed in excess of the number authorized under such section may not, for any element of the intelligence community, exceed two percent of the number of civilian personnel authorized under such section for such element.

(b) NOTICE TO INTELLIGENCE COMMITTEES.—The Director of Central Intelligence shall promptly notify the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate whenever he exercises the authority granted by this section.

**SEC. 104. COMMUNITY MANAGEMENT ACCOUNT.**

(a) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for the Community Management Account of the Director of Central Intelligence for fiscal year 1996 the sum of \$90,713,000. Within such amounts authorized, funds identified in the classified Schedule of Authorizations referred to in section 102(a) for the Advanced Research and Development Committee and the Environmental Task Force shall remain available until September 30, 1997.

(b) AUTHORIZED PERSONNEL LEVELS.—The Community Management Staff of the Director of Central Intelligence is authorized 247 full-time personnel as of September 30, 1996. Such personnel of the Community Management Staff may be permanent employees of the Community Management Staff or personnel detailed from other elements of the United States Government.

(c) REIMBURSEMENT.—During fiscal year 1996, any officer or employee of the United States or a member of the Armed Forces who is detailed to the Community Management Staff from another element of the United States Government shall be detailed on a reimbursable basis, except that any such officer, employee or member may be detailed on a nonreimbursable basis for a period of less than one year for the performance of temporary functions as required by the Director of Central Intelligence.

**TITLE II—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM**

**SEC. 201. AUTHORIZATION OF APPROPRIATIONS.**

There is authorized to be appropriated for the Central Intelligence Agency Retirement and Disability Fund for fiscal year 1996 the sum of \$213,900,000.

**TITLE III—GENERAL PROVISIONS**

**SEC. 301. INCREASE IN EMPLOYEE COMPENSATION AND BENEFITS AUTHORIZED BY LAW.**

Appropriations authorized by this Act for salary, pay, retirement, and other benefits for Federal employees may be increased by such additional or supplemental amounts as may be necessary for increases in such compensation or benefits authorized by law.

**SEC. 302. RESTRICTION ON CONDUCT OF INTELLIGENCE ACTIVITIES.**

The authorization of appropriations by this Act shall not be deemed to constitute authority for the conduct of any intelligence activity which is not otherwise authorized by the Constitution or the laws of the United States.

**SEC. 303. APPLICATION OF SANCTIONS LAWS TO INTELLIGENCE ACTIVITIES.**

(a) GENERAL PROVISIONS.—The National Security Act of 1947 (50 U.S.C. 401 et seq.), is amended by adding at the end thereof the following new title:

**“TITLE IX—APPLICATION OF SANCTIONS LAWS TO INTELLIGENCE ACTIVITIES**

**“STAY OF SANCTIONS**

“SEC. 901. Notwithstanding any provision of law identified in section 904, the President may stay the imposition of an economic, cultural, diplomatic, or other sanction or related action by the United States Government concerning a foreign country, organization, or person when the President determines and reports to Congress in accordance with section 903 that to proceed without delay would seriously risk the compromise of an ongoing criminal investigation directly related to the activities giving rise to the sanction or an intelligence source or method directly related to the activities giving rise to the sanction. Any such stay shall be effective for a period of time specified by the President, which period may not exceed 120 days, unless such period is extended in accordance with section 902.

**“EXTENSION OF STAY**

“SEC. 902. Whenever the President determines and reports to Congress in accordance with section 903 that a stay of sanctions or related actions pursuant to section 901 has not afforded sufficient time to obviate the risk to an ongoing criminal investigation or to an intelligence source or method that gave rise to the stay, he may extend such stay for a period of time specified by the President, which period may not exceed 120 days. The authority of this section may be used to extend the period of a stay pursuant to section 901 for successive periods of not more than 120 days each.

**“REPORTS**

“SEC. 903. Reports to Congress pursuant to sections 901 and 902 shall be submitted promptly upon determinations under this title. Such reports shall be submitted to the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate. With respect to determinations relating to intelligence sources and methods, reports shall also be submitted to the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate. With respect to determinations relating to ongoing criminal investigations, reports shall also be submitted to the Committees on the Judiciary of the House of Representatives and the Senate.

**“LAWS SUBJECT TO STAY**

“SEC. 904. The President may use the authority of sections 901 and 902 to stay the imposition of an economic, cultural, diplomatic, or other sanction or related action by the United States Government related to the proliferation of weapons of mass destruction, their delivery systems, or advanced conventional weapons otherwise required to be imposed by the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 (title III of Public Law 102-182); the Nuclear Proliferation Prevention Act of

1994 (title VIII of Public Law 103-236); title XVII of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101-510) (relating to the nonproliferation of missile technology); the Iran-Iraq Arms Nonproliferation Act of 1992 (title XVI of Public Law 102-484); section 573 of the Foreign Operations, Export Financing Related Programs Appropriations Act, 1994 (Public Law 103-87); section 563 of the Foreign Operations, Export Financing Related Programs Appropriations Act, 1995 (Public Law 103-306); and comparable provisions.

**“APPLICATION**

“SEC. 905. This title shall cease to be effective on the date which is one year after the date of the enactment of this title.”

(b) CLERICAL AMENDMENT.—The table of contents in the first section of such Act is amended by adding at the end thereof the following:

**“TITLE IX—APPLICATION OF SANCTIONS LAWS TO INTELLIGENCE ACTIVITIES**

“Sec. 901. Stay of sanctions.

“Sec. 902. Extension of stay.

“Sec. 903. Reports.

“Sec. 904. Laws subject to stay.

“Sec. 905. Application.”

**SEC. 304. THRIFT SAVINGS PLAN FORFEITURE.**

(a) IN GENERAL.—Section 8432(g) of title 5, United States Code, is amended by adding at the end the following new paragraph:

“(5) Notwithstanding any other provision of law, contributions made by the Government for the benefit of an employee or Member under subsection (c), and all earnings attributable to such contributions, shall be forfeited if the annuity of the employee or Member, or that of a survivor or beneficiary, is forfeited under subchapter II of chapter 83.”

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to offenses upon which the requisite annuity forfeitures are based occurring on or after the date of the enactment of this Act.

**SEC. 305. AUTHORITY TO RESTORE SPOUSAL PENSION BENEFITS TO SPOUSES WHO COOPERATE IN CRIMINAL INVESTIGATIONS AND PROSECUTIONS FOR NATIONAL SECURITY OFFENSES.**

Section 8318 of title 5, United States Code, is amended by adding at the end the following:

“(e) The spouse of an individual whose annuity or retired pay is forfeited under section 8312 or 8313 after the date of enactment of this subsection shall be eligible for spousal pension benefits if the Attorney General of the United States determines that the spouse fully cooperated with Federal authorities in the conduct of a criminal investigation and subsequent prosecution of the individual which resulted in such forfeiture.”

**SEC. 306. SECRECY AGREEMENTS USED IN INTELLIGENCE ACTIVITIES.**

Notwithstanding any other provision of law not specifically referencing this section, a nondisclosure policy form or agreement that is to be executed by a person connected with the conduct of an intelligence or intelligence-related activity, other than an employee or officer of the United States Government, may contain provisions appropriate to the particular activity for which such document is to be used. Such form or agreement shall, at a minimum—

(1) require that the person will not disclose any classified information received in the course of such activity unless specifically authorized to do so by the United States Government; and

(2) provide that the form or agreement does not bar—

(A) disclosures to Congress; or

(B) disclosures to an authorized official of an executive agency that are deemed essential to reporting a violation of United States law.

**SEC. 307. LIMITATION ON AVAILABILITY OF FUNDS FOR AUTOMATIC DECLASSIFICATION OF RECORDS OVER 25 YEARS OLD.**

(a) IN GENERAL.—The Director of Central Intelligence shall use no more than \$25,000,000 of

the amounts authorized to be appropriated for fiscal year 1996 by this Act for the National Foreign Intelligence Program to carry out the provisions of section 3.4 of Executive Order 12958. The Director may, in the Director's discretion, draw on this amount for allocation to the agencies within the National Foreign Intelligence Program for the purpose of automatic declassification of records over 25 years old.

(b) **REQUIRED BUDGET SUBMISSION.**—The President shall submit for fiscal year 1997 and each of the following fiscal years through fiscal year 2000 a budget request which specifically sets forth the funds requested for implementation of section 3.4 of Executive Order 12958.

**SEC. 308. AMENDMENT TO THE HATCH ACT REFORM AMENDMENTS OF 1993.**

Section 7325 of title 5, United States Code, is amended by adding after "section 7323(a)" the following: "and paragraph (2) of section 7323(b)".

**SEC. 309. REPORT ON PERSONNEL POLICIES.**

(a) **REPORT REQUIRED.**—Not later than three months after the date of enactment of this Act, the Director of Central Intelligence shall submit to the intelligence committees of Congress a report describing personnel procedures, and recommending necessary legislation, to provide for mandatory retirement for expiration of time in class, comparable to the applicable provisions of section 607 of the Foreign Service Act of 1980 (22 U.S.C. 4007), and termination based on relative performance, comparable to section 608 of the Foreign Service Act of 1980 (22 U.S.C. 4008), and to provide for other personnel review systems for all civilian employees of the Central Intelligence Agency, the National Security Agency, the Defense Intelligence Agency, and the intelligence elements of the Army, Navy, Air Force, and Marine Corps. Such report shall contain a description and analysis of voluntary separation incentive options, including a waiver of the 2 percent penalty reduction for early retirement under certain Federal retirement systems.

(b) **COORDINATION.**—The preparation of the report required by subsection (a) shall be coordinated as appropriate with elements of the intelligence community (as defined in section 3(4) of the National Security Act of 1947 (50 U.S.C. 401(4))).

(c) **DEFINITION.**—As used in this section, the term "intelligence committees of Congress" means the Select Committee on Intelligence of the Senate and the Permanent Select Committee on Intelligence of the House of Representatives.

**SEC. 310. ASSISTANCE TO FOREIGN COUNTRIES.**

Notwithstanding any other provision of law, funds authorized to be appropriated by this Act may be used to provide assistance to a foreign country for counterterrorism efforts if—

(1) such assistance is provided for the purpose of protecting the property of the United States Government or the life and property of any United States citizen, or furthering the apprehension of any individual involved in any act of terrorism against such property or persons; and

(2) the Committee on Intelligence of the Senate and the Permanent Select Committee on Intelligence of the House of Representatives are notified not later than 15 days prior to the provision of such assistance.

**SEC. 311. FINANCIAL MANAGEMENT OF THE NATIONAL RECONNAISSANCE OFFICE.**

(a) **MANAGEMENT REVIEW.**—(1) The Inspector General for the Central Intelligence Agency, assisted by the Inspector General of the Department of Defense, shall undertake a comprehensive review of the financial management of the National Reconnaissance Office to evaluate the effectiveness of policies and internal controls over the budget of the National Reconnaissance Office, including the use of carry-forward funding, to ensure that National Reconnaissance Office funds are used in accordance with applicable Federal acquisition regulations and the policies of the Director of Central Intelligence and consistent with those of the Department of De-

fense, the guidelines of the National Reconnaissance Office, and congressional direction.

(2) The review required by paragraph (1) shall—

(A) determine the quality of the development and implementation of the budget process within the National Reconnaissance Office at both the comptroller and directorate level;

(B) assess the advantages and disadvantages of the use of incremental versus full funding for contracts entered into by the National Reconnaissance Office;

(C) assess the advantages and disadvantages of the National Reconnaissance Office's use of carry-forward funding;

(D) determine how the National Reconnaissance Office defines, identifies, and justifies carry-forward funding requirements;

(E) determine how the National Reconnaissance Office tracks and manages carry-forward funding;

(F) determine how the National Reconnaissance Office plans to comply with congressional direction regarding carry-forward funding;

(G) determine whether or not a contract entered into by the National Reconnaissance Office has ever encountered a contingency which required the utilization of more than 30 days of carry-forward funding;

(H) consider the proposal by the Director of Central Intelligence for the establishment of a position of a Chief Financial Officer, and assess how the functions to be performed by that officer would enhance the financial management of the National Reconnaissance Office; and

(I) make recommendations, as appropriate, to improve control and management of the budget process of the National Reconnaissance Office.

(3) The Director of Central Intelligence shall submit a report to the Congress setting forth the findings of the review required by paragraph (1) not later than March 1, 1996, with an interim report provided to the Congress not later than 2 weeks after the enactment of this Act.

(b) **REPORT.**—(1) Not later than January 30, 1996, the President shall submit a report to the appropriate committees of the Congress on a proposal to subject the budget of the intelligence community to greater oversight by the executive branch of Government.

(2) Such report shall include (among other things)—

(A) consideration of establishing by statute a financial control officer for the National Reconnaissance Office, other elements of the intelligence community, and for the intelligence community as a whole;

(B) recommendations for procedures to be used by the Office of Management and Budget for review of the budget of the National Reconnaissance Office;

(C) a proposed statutory provision that would require the Director of Central Intelligence to establish a policy to restrict the National Reconnaissance Office authority on carry-forward funding in a manner consistent with the restriction on such authority within the Department of Defense; and

(D) an evaluation of how changes proposed as a result of the review required by subsection (a) will affect, directly or indirectly, the National Reconnaissance Office's streamlined acquisition process and, ultimately, program costs.

(c) **DEFINITION.**—As used in this section, the term "intelligence community" has the meaning given to the term in section 3(4) of the National Security Act of 1947 (50 U.S.C. 401a(4)).

**TITLE IV—CENTRAL INTELLIGENCE AGENCY**

**SEC. 401. EXTENSION OF THE CIA VOLUNTARY SEPARATION PAY ACT.**

(a) **EXTENSION OF AUTHORITY.**—Section 2(f) of the Central Intelligence Agency Voluntary Separation Pay Act (50 U.S.C. 403-4(f)) is amended by striking "September 30, 1997" and inserting "September 30, 1999".

(b) **REMITTANCE OF FUNDS.**—Section 2 of the Central Intelligence Agency Voluntary Separation

Pay Act (50 U.S.C. 403-4) is amended by inserting at the end the following new subsection:

"(i) **REMITTANCE OF FUNDS.**—The Director shall remit to the Office of Personnel Management for deposit in the Treasury of the United States to the credit of the Civil Service Retirement and Disability Fund (in addition to any other payments which the Director is required to make under subchapter III of chapter 83 and subchapter II of chapter 84 of title 5, United States Code), an amount equal to 15 percent of the final basic pay of each employee who, in fiscal year 1998 or fiscal year 1999, retires voluntarily under section 8336, 8412, or 8414 of such title or resigns and to whom a voluntary separation incentive payment has been or is to be paid under this section."

**SEC. 402. VOLUNTEER SERVICE PROGRAM.**

(a) **GENERAL AUTHORITY.**—The Director of Central Intelligence is authorized to establish and maintain a program from fiscal years 1996 through 2001 to utilize the services contributed by not more than 50 annuitants who serve without compensation as volunteers in aid of the review for declassification or downgrading of classified information by the Central Intelligence Agency under applicable Executive orders governing the classification and declassification of national security information and Public Law 102-526.

(b) **COSTS INCIDENTAL TO SERVICES.**—The Director is authorized to use sums made available to the Central Intelligence Agency by appropriations or otherwise for paying the costs incidental to the utilization of services contributed by individuals under subsection (a). Such costs may include (but need not be limited to) training, transportation, lodging, subsistence, equipment, and supplies. The Director may authorize either direct procurement of equipment, supplies, and services, or reimbursement for expenses, incidental to the effective use of volunteers. Such expenses or services shall be in accordance with volunteer agreements made with such individuals. Sums made available for such costs may not exceed \$100,000.

(c) **APPLICATION OF CERTAIN PROVISIONS OF LAW.**—A volunteer under this section shall be considered to be a Federal employee for the purposes of subchapter I of title 81 (relating to compensation of Federal employees for work injuries) and section 1346(b) and chapter 171 of title 28 (relating to tort claims). A volunteer under this section shall be covered by and subject to the provisions of chapter 11 of title 18 of the United States Code as if they were employees or special Government employees depending upon the days of expected service at the time they begin volunteering.

**SEC. 403. AUTHORITIES OF THE INSPECTOR GENERAL OF THE CENTRAL INTELLIGENCE AGENCY.**

(a) **REPORTS BY THE INSPECTOR GENERAL.**—Section 17(b)(5) of the Central Intelligence Act of 1949 (50 U.S.C. 403q(b)(5)) is amended to read as follows:

"(5) In accordance with section 535 of title 28, United States Code, the Inspector General shall report to the Attorney General any information, allegation, or complaint received by the Inspector General relating to violations of Federal criminal law that involve a program or operation of the Agency, consistent with such guidelines as may be issued by the Attorney General pursuant to subsection (b)(2) of such section. A copy of all such reports shall be furnished to the Director."

(b) **EXCEPTION TO NONDISCLOSURE REQUIREMENT.**—Section 17(e)(3)(A) of such Act is amended by inserting after "investigation" the following: "or the disclosure is made to an official of the Department of Justice responsible for determining whether a prosecution should be undertaken".

**TITLE V—DEPARTMENT OF DEFENSE  
INTELLIGENCE ACTIVITIES**

**SEC. 501. DEFENSE INTELLIGENCE SENIOR LEVEL  
POSITIONS.**

Section 1604 of title 10, United States Code, is amended to read as follows:

**“§1604. Civilian personnel management**

“(a) GENERAL PERSONNEL AUTHORITY.—The Secretary of Defense may, without regard to the provisions of any other law relating to the number, classification, or compensation of Federal employees—

“(1) establish such positions for employees in the Defense Intelligence Agency and the Central Imagery Office as the Secretary considers necessary to carry out the functions of that Agency and Office, including positions designated under subsection (f) as Defense Intelligence Senior Level positions;

“(2) appoint individuals to those positions; and

“(3) fix the compensation for service in those positions.

“(b) AUTHORITY TO FIX RATES OF BASIC PAY; OTHER ALLOWANCES AND BENEFITS.—(1) The Secretary of Defense shall, subject to subsection (c), fix the rates of basic pay for positions established under subsection (a) in relation to the rates of basic pay provided in subpart D of part III of title 5 for positions subject to that title which have corresponding levels of duties and responsibilities. Except as otherwise provided by law, an employee of the Defense Intelligence Agency or the Central Imagery Office may not be paid basic pay at a rate in excess of the maximum rate payable under section 5376 of title 5.

“(2) The Secretary of Defense may provide employees of the Defense Intelligence Agency and the Central Imagery Office compensation (in addition to basic pay under paragraph (1)) and benefits, incentives, and allowances consistent with, and not in excess of the levels authorized for, comparable positions authorized by title 5.

“(c) PREVAILING RATES SYSTEMS.—The Secretary of Defense may, consistent with section 5341 of title 5, adopt such provisions of that title as provide for prevailing rate systems of basic pay and may apply those provisions to positions in or under which the Defense Intelligence Agency or the Central Imagery Office may employ individuals described by section 5342(a)(2)(A) of such title.

“(d) ALLOWANCES BASED ON LIVING COSTS AND ENVIRONMENT FOR EMPLOYEES STATIONED OUTSIDE CONTINENTAL UNITED STATES OR IN ALASKA.—(1) In addition to the basic compensation payable under subsection (b), employees of the Defense Intelligence Agency and the Central Imagery Office described in paragraph (3) may be paid an allowance, in accordance with regulations prescribed by the Secretary of Defense, at a rate not in excess of the allowance authorized to be paid under section 5941(a) of title 5 for employees whose rates of basic pay are fixed by statute.

“(2) Such allowance shall be based on—

“(A) living costs substantially higher than in the District of Columbia;

“(B) conditions of environment which—

“(i) differ substantially from conditions of environment in the continental United States; and

“(ii) warrant an allowance as a recruitment incentive; or

“(C) both of those factors.

“(3) This subsection applies to employees who—

“(A) are citizens or nationals of the United States; and

“(B) are stationed outside the continental United States or in Alaska.

“(e) TERMINATION OF EMPLOYEES.—(1) Notwithstanding any other provision of law, the Secretary of Defense may terminate the employment of any employee of the Defense Intelligence Agency or the Central Imagery Office if the Secretary—

“(A) considers such action to be in the interests of the United States; and

“(B) determines that the procedures prescribed in other provisions of law that authorize the termination of the employment of such employee cannot be invoked in a manner consistent with the national security.

“(2) A decision by the Secretary of Defense to terminate the employment of an employee under this subsection is final and may not be appealed or reviewed outside the Department of Defense.

“(3) The Secretary of Defense shall promptly notify the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate whenever the Secretary terminates the employment of any employee under the authority of this subsection.

“(4) Any termination of employment under this subsection shall not affect the right of the employee involved to seek or accept employment with any other department or agency of the United States if that employee is declared eligible for such employment by the Director of the Office of Personnel Management.

“(5) The authority of the Secretary of Defense under this subsection may be delegated only to the Deputy Secretary of Defense, the Director of the Defense Intelligence Agency (with respect to employees of the Defense Intelligence Agency), and the Director of the Central Imagery Office (with respect to employees of the Central Imagery Office). An action to terminate employment of an employee by any such officer may be appealed to the Secretary of Defense.

“(f) DEFENSE INTELLIGENCE SENIOR LEVEL POSITIONS.—(1) In carrying out subsection (a)(1), the Secretary may designate positions described in paragraph (3) as Defense Intelligence Senior Level positions. The total number of positions designated under this subsection, when combined with the total number of positions in the Defense Intelligence Senior Executive Service under section 1601 of this title, may not exceed the total number of positions in the Defense Intelligence Senior Executive Service as of June 1, 1995.

“(2) Positions designated under this subsection shall be treated as equivalent for purposes of compensation to the senior level positions to which section 5376 of title 5 is applicable.

“(3) Positions that may be designated as Defense Intelligence Senior Level positions are positions in the Defense Intelligence Agency and Central Imagery Office that (A) are classified above the GS-15 level, (B) emphasize functional expertise and advisory activity, but (C) do not have the organizational or program management functions necessary for inclusion in the Defense Intelligence Senior Executive Service.

“(4) Positions referred to in paragraph (3) include Defense Intelligence Senior Technical positions and Defense Intelligence Senior Professional positions. For purposes of this subsection—

“(A) Defense Intelligence Senior Technical positions are positions covered by paragraph (3) that involve any of the following:

“(i) Research and development.

“(ii) Test and evaluation.

“(iii) Substantive analysis, liaison, or advisory activity focusing on engineering, physical sciences, computer science, mathematics, biology, chemistry, medicine, or other closely related scientific and technical fields.

“(iv) Intelligence disciplines including production, collection, and operations in close association with any of the activities described in clauses (i), (ii), and (iii) or related activities; and

“(B) Defense Intelligence Senior Professional positions are positions covered by paragraph (3) that emphasize staff, liaison, analytical, advisory, or other activity focusing on intelligence, law, finance and accounting, program and budget, human resources management, training, information services, logistics, security, and other appropriate fields.

“(g) ‘EMPLOYEE’ DEFINED AS INCLUDING OFFICERS.—In this section, the term ‘employee’, with respect to the Defense Intelligence Agency or the Central Imagery Office, includes any civilian officer of that Agency or Office.”

**SEC. 502. COMPARABLE BENEFITS AND ALLOWANCES FOR CIVILIAN AND MILITARY PERSONNEL ASSIGNED TO DEFENSE INTELLIGENCE FUNCTIONS OVERSEAS.**

(a) CIVILIAN PERSONNEL.—Section 1605 of title 10, United States Code, is amended—

(1) in subsection (a)—

(A) by inserting “(1)” after “(a)”;

(B) by striking “of the Department of Defense” and all that follows through “this subsection,” and inserting “described in subsection (d)”;

(C) by designating the second sentence as paragraph (2);

(2) by striking subsection (c) and inserting the following:

“(c) Regulations prescribed under subsection (a) may not take effect until the Secretary of Defense has submitted such regulations to—

“(1) the Committee on Armed Services and the Select Committee on Intelligence of the Senate; and

“(2) the Committee on National Security and the Permanent Select Committee on Intelligence of the House of Representatives.”;

(3) by adding at the end the following new subsection:

“(d) Subsection (a) applies to civilian personnel of the Department of Defense who—

“(1) are United States nationals;

“(2) in the case of employees of the Defense Intelligence Agency, are assigned to duty outside the United States and, in the case of other employees, are assigned to Defense Attaché Offices or Defense Intelligence Agency Liaison Offices outside the United States; and

“(3) are designated by the Secretary of Defense for the purposes of subsection (a).”

(b) MILITARY PERSONNEL.—Section 431 of title 37, United States Code, is amended—

(1) in subsection (a), by striking “who are assigned to” and all that follows through “of this subsection” and inserting “described in subsection (e)”;

(2) by striking subsection (d) and inserting the following:

“(d) Regulations prescribed under subsection (a) may not take effect until the Secretary of Defense has submitted such regulations to—

“(1) the Committee on Armed Services and the Select Committee on Intelligence of the Senate; and

“(2) the Committee on National Security and the Permanent Select Committee on Intelligence of the House of Representatives.”;

(3) by adding at the end the following new subsection:

“(e) Subsection (a) applies to members of the armed forces who—

“(1) are assigned—

“(A) to Defense Attaché Offices or Defense Intelligence Agency Liaison Offices outside the United States; or

“(B) to the Defense Intelligence Agency and engaged in intelligence-related duties outside the United States; and

“(2) are designated by the Secretary of Defense for the purposes of subsection (a).”

**SEC. 503. EXTENSION OF AUTHORITY TO CONDUCT INTELLIGENCE COMMERCIAL ACTIVITIES.**

Section 431(a) of title 10, United States Code, is amended by striking “1995” and inserting “1998”.

**SEC. 504. AVAILABILITY OF FUNDS FOR TIER II UAV.**

All funds appropriated for fiscal year 1995 for the Medium Altitude Endurance Unmanned Aerial Vehicle (Tier II) are specifically authorized, within the meaning of section 504 of the National Security Act of 1947 (50 U.S.C. 414), for such purpose.

**SEC. 505. MILITARY DEPARTMENT CIVILIAN INTELLIGENCE PERSONNEL MANAGEMENT SYSTEM.**

(a) ESTABLISHMENT OF TRAINING PROGRAM.—Chapter 81 of title 10, United States Code, is amended by adding at the end thereof the following new section:

**“§1599a. Financial assistance to certain employees in acquisition of critical skills**

“(a) TRAINING PROGRAM.—The Secretary of Defense shall establish an undergraduate training program with respect to civilian employees in the Military Department Civilian Intelligence Personnel Management System that is similar in purpose, conditions, content, and administration to the program established by the Secretary of Defense under section 16 of the National Security Act of 1959 (50 U.S.C. 402 note) for civilian employees of the National Security Agency.

“(b) USE OF FUNDS FOR TRAINING PROGRAM.—Any payment made by the Secretary to carry out the program required to be established by subsection (a) may be made in any fiscal year only to the extent that appropriated funds are available for that purpose.”

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of that chapter is amended by adding at the end thereof the following new item:

“Sec. 1599a. Financial assistance to certain employees in acquisition of critical skills.”

**SEC. 506. ENHANCEMENT OF CAPABILITIES OF CERTAIN ARMY FACILITIES.**

(a) AUTHORITY.—(1) In addition to funds otherwise available for such purpose, the Secretary of the Army may transfer or reprogram funds for the enhancement of the capabilities of the Bad Aibling Station and the Menwith Hill Station, including improvements of facility infrastructure and quality of life programs at those installations.

(2) The authority of paragraph (1) may be exercised notwithstanding any other provision of law.

(b) SOURCE OF FUNDS.—Funds available for the Army for operations and maintenance for fiscal years 1996 and 1997 shall be available to carry out subsection (a).

(c) CONGRESSIONAL NOTIFICATION.—Whenever the Secretary of the Army determines that an amount to be transferred or reprogrammed under this section would cause the total amount transferred or reprogrammed in that fiscal year under this section to exceed \$1,000,000, the Secretary shall notify in advance the Select Committee on Intelligence, the Committee on Armed Services, and the Committee on Appropriations of the Senate and the Permanent Select Committee on Intelligence, the Committee on National Security, and the Committee on Appropriations of the House of Representatives and provide a justification for the increased expenditure.

(d) STATUTORY CONSTRUCTION.—Nothing in this section may be construed to modify or obviate existing law or practice with regard to the transfer or reprogramming of funds in excess of \$2,000,000 from the Department of the Army to the Bad Aibling Station and the Menwith Hill Station.

**TITLE VI—FEDERAL BUREAU OF INVESTIGATION**

**SEC. 601. DISCLOSURE OF INFORMATION AND CONSUMER REPORTS TO FBI FOR COUNTERINTELLIGENCE PURPOSES.**

(a) IN GENERAL.—The Fair Credit Reporting Act (15 U.S.C. 1681 et seq.) is amended by adding after section 623 the following new section:

**“§624. Disclosures to FBI for counterintelligence purposes**

“(a) IDENTITY OF FINANCIAL INSTITUTIONS.—Notwithstanding section 604 or any other provision of this title, a consumer reporting agency shall furnish to the Federal Bureau of Investigation the names and addresses of all financial institutions (as that term is defined in sec-

tion 1101 of the Right to Financial Privacy Act of 1978) at which a consumer maintains or has maintained an account, to the extent that information is in the files of the agency, when presented with a written request for that information, signed by the Director of the Federal Bureau of Investigation, or the Director's designee, which certifies compliance with this section. The Director or the Director's designee may make such a certification only if the Director or the Director's designee has determined in writing that—

“(1) such information is necessary for the conduct of an authorized foreign counterintelligence investigation; and

“(2) there are specific and articulable facts giving reason to believe that the consumer—

“(A) is a foreign power (as defined in section 101 of the Foreign Intelligence Surveillance Act of 1978) or a person who is not a United States person (as defined in such section 101) and is an official of a foreign power; or

“(B) is an agent of a foreign power and is engaging or has engaged in an act of international terrorism (as that term is defined in section 101(c) of the Foreign Intelligence Surveillance Act of 1978) or clandestine intelligence activities that involve or may involve a violation of criminal statutes of the United States.

“(b) IDENTIFYING INFORMATION.—Notwithstanding the provisions of section 604 or any other provision of this title, a consumer reporting agency shall furnish identifying information respecting a consumer, limited to name, address, former addresses, places of employment, or former places of employment, to the Federal Bureau of Investigation when presented with a written request, signed by the Director or the Director's designee, which certifies compliance with this subsection. The Director or the Director's designee may make such a certification only if the Director or the Director's designee has determined in writing that—

“(1) such information is necessary to the conduct of an authorized counterintelligence investigation; and

“(2) there is information giving reason to believe that the consumer has been, or is about to be, in contact with a foreign power or an agent of a foreign power (as defined in section 101 of the Foreign Intelligence Surveillance Act of 1978).

“(c) COURT ORDER FOR DISCLOSURE OF CONSUMER REPORTS.—Notwithstanding section 604 or any other provision of this title, if requested in writing by the Director of the Federal Bureau of Investigation, or a designee of the Director, a court may issue an order ex parte directing a consumer reporting agency to furnish a consumer report to the Federal Bureau of Investigation, upon a showing in camera that—

“(1) the consumer report is necessary for the conduct of an authorized foreign counterintelligence investigation; and

“(2) there are specific and articulable facts giving reason to believe that the consumer whose consumer report is sought—

“(A) is an agent of a foreign power, and

“(B) is engaging or has engaged in an act of international terrorism (as that term is defined in section 101(c) of the Foreign Intelligence Surveillance Act of 1978) or clandestine intelligence activities that involve or may involve a violation of criminal statutes of the United States.

The terms of an order issued under this subsection shall not disclose that the order is issued for purposes of a counterintelligence investigation.

“(d) CONFIDENTIALITY.—No consumer reporting agency or officer, employee, or agent of a consumer reporting agency shall disclose to any person, other than those officers, employees, or agents of a consumer reporting agency necessary to fulfill the requirement to disclose information to the Federal Bureau of Investigation under this section, that the Federal Bureau of Investigation has sought or obtained the identity of financial institutions or a consumer

report respecting any consumer under subsection (a), (b), or (c), and no consumer reporting agency or officer, employee, or agent of a consumer reporting agency shall include in any consumer report any information that would indicate that the Federal Bureau of Investigation has sought or obtained such information or a consumer report.

“(e) PAYMENT OF FEES.—The Federal Bureau of Investigation shall, subject to the availability of appropriations, pay to the consumer reporting agency assembling or providing report or information in accordance with procedures established under this section a fee for reimbursement for such costs as are reasonably necessary and which have been directly incurred in searching, reproducing, or transporting books, papers, records, or other data required or requested to be produced under this section.

“(f) LIMIT ON DISSEMINATION.—The Federal Bureau of Investigation may not disseminate information obtained pursuant to this section outside of the Federal Bureau of Investigation, except to other Federal agencies as may be necessary for the approval or conduct of a foreign counterintelligence investigation, or, where the information concerns a person subject to the Uniform Code of Military Justice, to appropriate investigative authorities within the military department concerned as may be necessary for the conduct of a joint foreign counterintelligence investigation.

“(g) RULES OF CONSTRUCTION.—Nothing in this section shall be construed to prohibit information from being furnished by the Federal Bureau of Investigation pursuant to a subpoena or court order, in connection with a judicial or administrative proceeding to enforce the provisions of this Act. Nothing in this section shall be construed to authorize or permit the withholding of information from the Congress.

“(h) REPORTS TO CONGRESS.—On a semi-annual basis, the Attorney General shall fully inform the Permanent Select Committee on Intelligence and the Committee on Banking, Finance and Urban Affairs of the House of Representatives, and the Select Committee on Intelligence and the Committee on Banking, Housing, and Urban Affairs of the Senate concerning all requests made pursuant to subsections (a), (b), and (c).

“(i) DAMAGES.—Any agency or department of the United States obtaining or disclosing any consumer reports, records, or information contained therein in violation of this section is liable to the consumer to whom such consumer reports, records, or information relate in an amount equal to the sum of—

“(1) \$100, without regard to the volume of consumer reports, records, or information involved;

“(2) any actual damages sustained by the consumer as a result of the disclosure;

“(3) if the violation is found to have been willful or intentional, such punitive damages as a court may allow; and

“(4) in the case of any successful action to enforce liability under this subsection, the costs of the action, together with reasonable attorney fees, as determined by the court.

“(j) DISCIPLINARY ACTIONS FOR VIOLATIONS.—If a court determines that any agency or department of the United States has violated any provision of this section and the court finds that the circumstances surrounding the violation raise questions of whether or not an officer or employee of the agency or department acted willfully or intentionally with respect to the violation, the agency or department shall promptly initiate a proceeding to determine whether or not disciplinary action is warranted against the officer or employee who was responsible for the violation.

“(k) GOOD-FAITH EXCEPTION.—Notwithstanding any other provision of this title, any consumer reporting agency or agent or employee thereof making disclosure of consumer reports or

identifying information pursuant to this subsection in good-faith reliance upon a certification of the Federal Bureau of Investigation pursuant to provisions of this section shall not be liable to any person for such disclosure under this title, the constitution of any State, or any law or regulation of any State or any political subdivision of any State.

“(l) LIMITATION OF REMEDIES.—Notwithstanding any other provision of this title, the remedies and sanctions set forth in this section shall be the only judicial remedies and sanctions for violation of this section.

“(m) INJUNCTIVE RELIEF.—In addition to any other remedy contained in this section, injunctive relief shall be available to require compliance with the procedures of this section. In the event of any successful action under this subsection, costs together with reasonable attorney fees, as determined by the court, may be recovered.”

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of the Fair Credit Reporting Act (15 U.S.C. 1681 et seq.) is amended by adding after the item relating to section 623 the following new item:

“624. Disclosures to FBI for counterintelligence purposes.”

#### TITLE VII—TECHNICAL AMENDMENTS

##### SEC. 701. CLARIFICATION WITH RESPECT TO PAY FOR DIRECTOR OR DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE APPOINTED FROM COMMISSIONED OFFICERS OF THE ARMED FORCES.

(a) CLARIFICATION.—Subparagraph (C) of section 102(c)(3) of the National Security Act of 1947 (50 U.S.C. 403(c)(3)) is amended to read as follows:

“(C) A commissioned officer of the Armed Forces on active duty who is appointed to the position of Director or Deputy Director, while serving in such position and while remaining on active duty, shall continue to receive military pay and allowances and shall not receive the pay prescribed for the Director or Deputy Director. Funds from which such pay and allowances are paid shall be reimbursed from funds available to the Director.”

(b) TECHNICAL CORRECTIONS.—(1) Subparagraphs (A) and (B) of such section are amended by striking “pursuant to paragraph (2) or (3)” and inserting “to the position of Director or Deputy Director”.

(2) Subparagraph (B) of such section is amended by striking “paragraph (A)” and inserting “subparagraph (A)”.

##### SEC. 702. CHANGE OF DESIGNATION OF CIA OFFICE OF SECURITY.

Section 701(b)(3) of the National Security Act of 1947 (50 U.S.C. 431(b)(3)), is amended by striking “Office of Security” and inserting “Office of Personnel Security”.

And the Senate agree to the same.

From the Permanent Select Committee on Intelligence, for consideration of the House bill, and the Senate amendment, and modifications committed to conference:

LARRY COMBEST,  
R.K. DORNAN,  
BILL YOUNG,  
JAMES V. HANSEN,  
JERRY LEWIS,  
PROTER J. GOSS,  
BUD SHUSTER,  
BILL MCCOLLUM,  
MICHAEL N. CASTLE,  
NORMAN DICKS,  
BILL RICHARDSON,  
JULIAN C. DIXON,  
ROBERT G. TORRICELLI,  
RON COLEMAN,  
DAVID E. SKAGGS,  
NANCY PELOSI,

As additional conferees from the Committee on National Security, for consideration of defense tactical intelligence and related activities:

FLOYD SPENCE,  
BOB STUMP,

As additional conferees from the Committee on International Relations, for consideration of section 303 of the House bill, and section 303 of the Senate amendment, and modifications committed to conference:

BENJAMIN A. GILMAN,  
CHRISTOPHER SMITH,  
HOWARD L. BERMAN,

Managers on the Part of the House.

ARLEN SPECTER,  
RICHARD G. LUGAR,  
RICHARD SHELBY,  
MIKE DEWINE,  
JON KYL,  
JIM INHOFE,  
KAY BAILEY HUTCHISON,  
CONNIE MACK,  
BILL COHEN,  
STROM THURMOND,  
ROBERT KERREY,  
JOHN GLENN,  
RICHARD H. BRYAN,  
BOB GRAHAM,  
JOHN F. KERRY,  
MAX BAUCUS,  
J. BENNETT JOHNSTON,  
CHARLES ROBB,  
SAM NUNN,

Managers on the Part of the Senate.

#### JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 1655) to authorize appropriations for fiscal year 1996 for intelligence and the intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment that is a substitute for the House bill and the Senate amendment. The differences between the House bill the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clerical changes.

#### TITLE I—INTELLIGENCE ACTIVITIES

##### SEC. 101. AUTHORIZATION FOR APPROPRIATIONS.

Section 101 of the conference report lists the departments, agencies and other elements of the United States Government for whose intelligence and intelligence-related activities the Act authorizes appropriations for fiscal year 1996.

##### SEC. 102—CLASSIFIED SCHEDULE OF AUTHORIZATIONS.

Section 102 of the conference report makes clear that the details of the amounts authorized to be appropriated for intelligence and intelligence-related activities and applicable personnel ceilings covered under this title for fiscal year 1996 are contained in a classified Schedule of Authorizations. The Schedule of Authorizations is incorporated into the Act by this section. The details of the Schedule are explained in the classified annex to this report.

##### SEC. 103. PERSONNEL CEILING ADJUSTMENTS.

Section 103 of the conference report authorizes the Director of Central Intelligence,

with the approval of the Director of the Office of Management and Budget, in fiscal year 1996 to exceed the personnel ceilings applicable to the components of the Intelligence Community under section 102 by an amount not to exceed two percent of the total of the ceilings applicable under section 102. The Director may exercise this authority only when doing so is necessary to the performance of important intelligence functions. Any exercise of this authority must be reported to the two intelligence committees of the Congress.

The conferees emphasize that the authority conferred by Section 103 is not intended to permit the wholesale raising of personnel strength in any intelligence component. Rather, the section provides the Director of Central Intelligence with flexibility to adjust personnel levels temporarily for contingencies and for overages caused by an imbalance between hiring of new employees and attrition of current employees. The conferees do not expect the Director of Central Intelligence to allow heads of intelligence components to plan to exceed levels set in the Schedule of Authorizations except for the satisfaction of clearly identified hiring needs which are consistent with the authorization of personnel strengths in this bill. In no case is this authority to be used to provide for positions denied by this bill.

##### SEC. 104. COMMUNITY MANAGEMENT ACCOUNT.

Section 104 of the conference report authorizes appropriations for the Community Management Account of the Director of Central Intelligence and sets the personnel end-strength for the Intelligence Community Management Staff for fiscal year 1996.

Subsection (a) authorizes appropriations of \$90,713,000 for fiscal year 1996 for the activities of the Community Management Account of the Director of Central Intelligence. It also authorizes funds identified for the Advanced Research and Development Committee and the Environmental Task Force to remain available for two years.

Subsection (b) authorizes 247 full-time personnel for the Community Management Staff for fiscal year 1996 and provides that such personnel may be permanent employees of the Staff or detailed from various elements of the United States Government.

Subsection (c) requires that personnel be detailed on a reimbursable basis except for temporary situations of less than one year.

#### TITLE II—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

##### SEC. 201. AUTHORIZATION OF APPROPRIATIONS.

Section 201 authorizes appropriations in the amount of \$213,900,000 for fiscal year 1996 for the Central Intelligence Agency Retirement and Disability Fund.

#### TITLE III—GENERAL PROVISIONS

##### SEC. 301. INCREASE IN EMPLOYEE COMPENSATION AND BENEFITS AUTHORIZED BY LAW.

Section 301 of the conference report provides that appropriations authorized by the conference report for salary, pay, retirement and other benefits for federal employees may be increased by such additional or supplemental amounts as may be necessary for increases in such compensation or benefits authorized by law. Section 301 is identical to section 301 of the House bill and section 301 of the Senate amendment.

##### SEC. 302. RESTRICTION ON CONDUCT OF INTELLIGENCE ACTIVITIES.

Section 302 provides that the authorization of appropriations by the conference report shall not be deemed to constitute authority for the conduct of any intelligence activity that is not otherwise authorized by the Constitution or laws of the United States. Section 302 is identical to section 302 of the

House bill and section 302 of the Senate amendment.

**SEC. 303. APPLICATION OF SANCTIONS LAWS TO INTELLIGENCE ACTIVITIES.**

Section 303 of the conference report amends the National Security Act of 1947 with a new Title IX to permit the President to stay the imposition of an economic, cultural, diplomatic, or other sanction or related action when the President determines and reports to Congress that to proceed without delay would seriously risk the compromise of an intelligence source or method or an ongoing criminal investigation. Both the House bill and the Senate amendment contained provisions pertaining to deferrals of sanctions.

Section 901 of the new Title IX of the National Security Act of 1947 grants the President the authority to stay the imposition of a sanction or related action. Section 901 requires that when a sanction or related action is to be deferred due to the risk of compromise of a source or method or an ongoing criminal investigation, the source or method or the law enforcement matter in question must be related to the activities giving rise to the sanction. The section allows the President to stay the imposition of a sanction or related action for a specified period not to exceed 120 days.

Section 902 of the new Title IX provides that when the President determines and reports to Congress that a stay of an imposition of a sanction or related action has not afforded sufficient time to obviate the risk to an ongoing criminal investigation or to an intelligence source or method that gave rise to the stay, the President may extend the stay for successive periods of not more than 120 days.

Section 903 of the new Title IX requires that reports to Congress pursuant to section 901 and 902 be submitted promptly upon the President's determination to stay the imposition of a sanction or related action. Reports required under the new title are to be submitted to the Committee on International Relations of the House and the Committee on Foreign Relations of the Senate. Those reports pertaining to determinations related to intelligence sources and methods are also to be submitted to the Permanent Select Committee on Intelligence of the House and the Select Committee on Intelligence of the Senate. Those reports pertaining to determinations related to ongoing criminal investigations are also to be submitted to the Judiciary Committees of the House and Senate. The conferees further recognize that the actual structure and content of the reports to the Senate and House committees of jurisdiction will be achieved as a result of ongoing dialogue between the Congress and the Executive Branch. The conferees expect that the reports submitted pursuant to the new title will indicate the nature of the activities giving rise to the sanction or related action, the applicable law concerned, the country or countries in which the activity took place, and other pertinent details, to the maximum extent practicable consistent with the protection of intelligence sources and methods. The reports should also include a determination that the delay in the imposition of a sanction or related action will not be seriously prejudicial to the achievement of the United States' nonproliferation objectives or significantly increase the threat or risk to United States' military forces.

Section 904 of the new Title IX enumerates specific nonproliferation laws requiring a sanction or related action, the imposition of which the President may stay pursuant to sections 901 and 902. The section also grants the President the authority to stay the imposition of a sanction or related action con-

tained in laws comparable to the enumerated acts.

Section 905 of the new Title IX states that the title ceases to be effective one year from the date of its enactment. The conferees believe this will afford Congress an opportunity to evaluate the use and effect of this provision in relation to sanctions laws. The Senate bill did not contain a similar provision.

The conferees expect that when the President chooses to exercise the deferral authority, the utmost will be done to resolve sources or methods or law enforcement problems as soon as possible so as to permit sanctions to be imposed as required by law. The intelligence and judiciary committees, as appropriate, should be informed fully of the efforts being made to address the circumstances that led to the delay. The conferees understand that instances where sanctions would be deferred would be rare, and that the deferral authority will be exercised only when an intelligence source or method or a criminal investigation is seriously at risk, and not to protect generic or speculative intelligence or law enforcement interests. Moreover, the presidential determination should not be used as a pretext for some other reason not to impose sanctions such as economic or foreign policy reasons. The President should lift the stay when the President determines that it is no longer necessary to protect against compromise.

The President must have sufficient information to determine whether the risk to intelligence sources and methods or an ongoing criminal investigation is significant and outweighs any potential harm to U.S. nonproliferation objectives. The conferees expect that determinations to invoke a stay authorized under this new title will be preceded by a rigorous interagency review process in which the recommendations of all relevant agencies, together with supporting facts, are made available to the President. The conferees intend to closely monitor the use of the authority provided under this title.

**SEC. 304. THRIFT SAVINGS PLAN FORFEITURE.**

Section 304 of the conference report adds a new subsection to section 8432(g) of title 5, United States Code, to provide that the Government's contribution to the Thrift Savings Plan under the Federal Employees Retirement System (FERS) and interest earned on that contribution shall be forfeited if the employee's annuity has been forfeited under subchapter II of Chapter 83, title 5, United States Code. This provision closes a loophole that was created when the FERS was established.

Prior to the enactment of the FERS, an employee's retirement annuity was based entirely on contributions made by the employee and by the Government to the applicable retirement fund. Under subchapter II of Chapter 83, any employee convicted of various national security offenses, including espionage, would forfeit his annuity and be entitled to receive only his monetary contributions to the annuity. A new retirement benefit, however, was created with the establishment of FERS, payable under the Thrift Savings Plan.

The Thrift Savings Plan now permits the employee to contribute into the Government-managed fund and requires that the Government also contribute to the fund on the employee's behalf. When FERS was enacted, the forfeiture provisions of subchapter II were not amended to cover the Government's contributions to the Plan. This situation clearly undermines the intent of subchapter II by permitting an employee convicted of espionage to retain the Government's contributions to the Plan. Section 304

corrects this anomaly by requiring the forfeiture of the Government's contribution to the Plan and attributable earnings on that contribution in situations where an individual's annuity is forfeited under subchapter II. Section 304 is identical to section 304 of the House bill and section 304 of the Senate amendment.

**SEC. 305. AUTHORITY TO RESTORE SPOUSAL PENSION BENEFITS TO SPOUSES WHO COOPERATE IN CRIMINAL INVESTIGATIONS AND PROSECUTIONS FOR NATIONAL SECURITY OFFENSES.**

Section 304 of the conference report amends section 8318 of title 5, United States Code, to make the spouse of an individual whose annuity or retired pay has been forfeited under section 8312 or 8313 of title 5 eligible for spousal pension benefits if the Attorney General determines that the spouse fully cooperated in the criminal investigation and prosecution of the individual. Enactment of this legislation will help to protect the national security interests of the United States by encouraging the spouses of federal employees who know or suspect that their husband or wife is engaged in espionage activities to inform the Government and to cooperate in a subsequent criminal investigation and prosecution. Current law actually discourages cooperation with the Government, since under current law pension benefits are lost upon conviction and forfeiture of the husband's or wife's annuity, even if the spouse has cooperated with the Government. Section 305 is identical to section 305 of the House bill and section 305 of the Senate amendment.

**SEC. 306. SECRECY AGREEMENTS USED IN INTELLIGENCE ACTIVITIES.**

Section 306 addresses a problem that CIA has experienced with secrecy agreements in the conduct of authorized intelligence activities. Beginning with the Treasury, Postal Service, and General Government Appropriations Act for fiscal year 1991 and in each year thereafter, Congress has required that agreements to protect classified information must contain certain prescribed language to put the executor on notice that the agreement does not supersede specified laws and Executive Order 12356. The language is as follows:

These restrictions are consistent with and do not supersede, conflict with or otherwise alter the employee obligations, rights or liabilities created by Executive Order 12356; section 7211 of title 5, United States Code (governing disclosures to Congress); section 1034 of title 10, United States Code, as amended by the Military Whistleblower Protection Act (governing disclosure to Congress by members of the military); section 2302(b)(8) of title 5, United States Code, as amended by the Whistleblower Protection Act (governing disclosures of illegality, waste, fraud, abuse of public health or safety threats); the Intelligence Identities Protection Act of 1982 (50 U.S.C. 421 et seq.) (governing disclosures that could expose confidential Government agents), and the statutes which protect against disclosure that may compromise the national security, including sections 641, 793, 794, 798, and 952 of title 18, United States Code, and section 4(b) of the Subversive Activities Act of 1950 (50 U.S.C. section 783(b)). The definitions, requirements, obligations, rights, sanctions and liabilities created by said Executive Order and listed statutes are incorporated into the Agreement and are controlling.

Notwithstanding that several of the laws cited apply only to federal employees, the Treasury appropriations acts have required CIA to include the specified language in nondisclosure agreements intended to be executed by private parties. The prescribed

language is required in every secrecy agreement entered into, so federal employees and private entities alike must have such language included in the agreement that they sign. The recitation of numerous statutes in the overbearing but required "legalese" has caused confusion, complicated authorized intelligence activities, and even disrupted them when parties refuse to sign agreements containing provisions that do not apply to them. The required language is intimidating and has chilled otherwise promising intelligence relationships with private entities.

Consequently, section 306 clarifies that CIA and other intelligence agencies have the flexibility to tailor nondisclosure agreements according to the needs of the intelligence activity at hand, as long as the agreement at a minimum requires nondisclosure without specific authorization by the United States Government. The form or agreement must also make clear that the form or agreement does not bar disclosures to Congress or disclosures to an authorized official of an executive agency that are deemed essential to reporting a violation of United States laws. This section, when enacted, will permit the use of secrecy agreements stated in plain and understandable English and that will not intimidate the layman. The provision will make it easier for people to understand their rights and obligations when signing a secrecy agreement, which will ultimately enhance the protection of national security information.

**SEC. 307. LIMITATION ON AVAILABILITY OF FUNDS FOR AUTOMATIC DECLASSIFICATION OF RECORDS OVER 25 YEARS OLD.**

Section 307 limits the availability of funds authorized to be appropriated by this Act to implement section 3.4 of Executive Order 12958 to \$25 million in fiscal year 1996. The Director of Central Intelligence, at the Director's discretion, may allocate this amount among the agencies of the National Foreign Intelligence Program for this purpose. Section 307 requires the President to submit budget requests that specifically identify the funds necessary to implement section 3.4 for fiscal years 1997 through 2000.

Given that the conferees have received four different estimates of the cost of implementing section 3.4 since the beginning of the year, the conferees believe there needs to be a continuing effort to fully evaluate the potential costs associated with the declassification review programs. The conferees further urge that this declassification effort be coordinated closely with CIA's Historical Review Program Office so as to enhance the intellectual coherence of the declassification process. In the budget submission for FY1997, the President is to provide a detailed request supported by firm estimates of declassification costs.

Section 307 of the House bill limited each agency of the National Foreign Intelligence Program to \$2.5 million to carry out the provisions of section 3.4. The Senate amendment had no similar provision.

**SEC. 308. AMENDMENT TO THE HATCH ACT REFORM AMENDMENTS OF 1993.**

Section 308 restores the authority of the Office of Personnel Management (OPM) to extend "de-Hatching" to employees of the agencies listed in 5 U.S.C. § 7323(b)(2)(B)(i).

Previously, under 5 U.S.C. § 7323, OPM had the authority to designate certain municipalities and other political subdivisions in which federal employees in both competitive and excepted services could actively participate in local partisan elections. (Such designation of municipalities and political subdivisions by OPM is commonly referred to as "de-Hatching".) However, when this authority was amended by Public Law 103-94 and recodified in 5 U.S.C. § 7325, the authority

was granted only "without regard to the prohibitions in paragraphs (2) and (3) of section 7323(a)". The prohibitions in section 7323(a) apply to the federal employees, both competitive and excepted service. However, employees of NSA, CIA, DIA and the other agencies listed in 5 U.S.C. § 7323(b)(2)(B)(i) are subject to additional prohibitions under section 7323(b)(2)(A) which section 7325 does not permit OPM to disregard. Thus, OPM cannot extend de-Hatching to employees of the listed agencies and the implementing interim regulations issued by OPM (59 Fed. Reg. 5313 (1994) to be codified at 5 C.F.R. Part 733) reflect this restriction.

This provision would amend the "de-Hatching" provision (5 U.S.C. § 7325) to include the excepted services in the category of federal employees that OPM may permit to take an active part in local (not Federal) political campaigns.

Section 308 is identical to section 306 of the Senate amendment. The House bill did not contain a similar provision.

**SEC. 309.—REPORT ON PERSONNEL POLICIES.**

Section 309 of the conference report requires the DCI to report to the intelligence oversight committees within three months detailed personnel procedures that could be implemented across the intelligence community to provide for mandatory retirement at expiration of time in class and termination based on relative performance similar to comparable provisions in sections 607 and 608 of the Foreign Service Act of 1980 (Title 22 U.S.C. 4007 and 4008) for civilian employees.

The Director of Central Intelligence and Secretary of Defense were directed in the FY 1995 Intelligence Authorization Act to provide a report by December 1, 1994 on the advisability of providing for mandatory retirement at expiration of time in class. The oversight committees have reviewed the issue and determined that a performance-based policy is advisable and are now directing the DCI to develop and report on procedures that could be implemented.

Senate floor action added a provision requiring that the DCI's report include a description and analysis of voluntary separation incentives, including a waiver of the "two percent penalty" reduction for early retirement under certain federal retirement systems. Section 309 is substantially similar to section 307 of the Senate amendment. The House bill did not contain a similar provision.

**SEC. 310.—ASSISTANCE TO FOREIGN COUNTRIES.**

Section 310 of the conference report authorizes assistance to a foreign country for counterterrorism efforts, notwithstanding any other provision of law, for the purpose of protecting the property of the United States Government or the life and property of any United States citizen or furthering the apprehension of any individual involved in any act of terrorism against such property or persons. The appropriate committees of Congress are to be notified not later than 15 days prior to the provision of such assistance. This authority is needed for the purpose of furthering United States interests. By providing this authority, there will be no doubt that the United States will be able to provide assistance to foreign countries that are willing to help identify, track and apprehend persons who have destroyed American property or harmed American citizens. Section 310 is identical to section 308 of the Senate amendment. There was no comparable language in the House bill.

**SEC. 311.—FINANCIAL MANAGEMENT OF THE NATIONAL RECONNAISSANCE OFFICE.**

Section 311 of the conference report seeks to improve accountability and financial management control over the National Reconnaissance Office. The section further re-

quires a review of NRO's financial management by the Inspector General of CIA, assisted by the Inspector General of DOD, to evaluate the effectiveness of policies and internal controls over the NRO budget, particularly with regard to carry-forward funding. It is the intention of the conferees that the Director of Central Intelligence notify the intelligence oversight committees prior to reprogramming, reallocating, and/or rescinding funds previously authorized and appropriated for NRO programs, projects, and activities. The section also requires the President to report no later than January 30, 1996 on a proposal to subject the budget of the Intelligence Community to greater Executive Branch oversight, including the possibility of a statutory financial control officer for the NRO and greater Office of Management and Budget review of the NRO's budget. The report must include an analysis of the option for a statutory provision requiring the DCI to establish a policy to restrict the NRO's authority on carry-forward funding consistent with the restriction on such authority within the Department of Defense. The President shall also report on how changes proposed as a result of this review will affect, directly or indirectly, the NRO's streamlined acquisition process and ultimately, program costs.

Elements of section 311 were added to the Senate amendment in floor action, but the provision has been substantially changed in subsequent discussions among conferees. There was no comparable provision in the House bill.

**TITLE IV—CENTRAL INTELLIGENCE AGENCY**

**SEC. 401. EXTENSION OF THE CIA VOLUNTARY SEPARATION PAY ACT.**

Section 401 amends section 2(f) of the CIA Voluntary Separation Pay Act, 50 U.S.C. § 403-4(f), to extend the Agency's authority to offer separation incentives until September 30, 1999. Without this amendment, the Agency's authority to offer such incentives will expire on September 30, 1997.

CIA's separation incentive program has been an effective force reduction tool. It is necessary to extend this authority until September 30, 1999, because CIA, Like DoD, will continue to downsize through that year. Enactment of this provision will ensure that CIA can minimize the need to separate employees involuntarily. In light of the conferees' concern that this authority may have been used in the past in lieu of more rigorous personnel policies, this authority is extended with the understanding that the Intelligence Community will be pursuing such policies, and that this authority can be used to ease the transition to the more rigorous, performance-based criteria and policy.

Section 401(b) is designed to offset the direct spending cost of the extension of the authority provided for in the CIA Voluntary Separation Pay Act. Specifically, it establishes procedures to conform with the pay-as-you-go provision, section 252, of the Balanced Budget and Emergency Deficit Control Act, by requiring the Director of Central Intelligence to remit to the Treasury an amount equal to 15 percent of the final basic pay of each employee who, in fiscal year 1998 or fiscal year 1999, retires voluntarily or who resigns and to whom a voluntary separation incentive has been or is to be paid.

Section 401(a) is identical to section 401 of the House bill. Section 401(b) is identical to section 401(b) of the Senate amendment. The House bill did not contain a similar offset provision.

**SEC. 402. VOLUNTEER SERVICE PROGRAM.**

Section 402 authorizes the Director to establish, as a demonstration project, a limited volunteer service program for fiscal years 1996 through 2001, whereby no more

than 50 retirees can volunteer their services to the CIA to assist the Agency in its systematic or mandatory review for declassification or downgrading of classified information under certain Executive Orders and Public Law 102-526. The provision limits expenditures to no more than \$100,000.

This section authorizes the Agency to pay costs incidental to the use of the services of volunteers, such as training, equipment, lodging, subsistence, equipment and supplies. It also ensures that volunteers are covered by workers compensation and the Federal Torts Claim Act. Without this legislation, the CIA would be unable to pay costs incidental to the use of gratuitous services provided by volunteers, such as training and equipment. The program established under this section will be temporary and limited. Section 402 is identical to section 402 of the House bill and section 402 of the Senate amendment.

**SEC. 403. AUTHORITIES OF THE INSPECTOR GENERAL OF THE CENTRAL INTELLIGENCE AGENCY.**

Section 403(a) of the conference report modifies the CIA Inspector General statute to require the IG to report violations of Federal law by any person, as opposed to violations by officers or employees of the CIA. It also allows the reports to go directly from OIG to the Department of Justice, rather than through the DCI, although the DCI must receive a copy of the report. This is consistent with the Inspector General Statute of 1978 and enhances the independence of the IG. The conferees understand that the Inspector General has agreed to give advanced notice to the DCI and the conferees strongly support this agreement. The conferees further understand that this advance notice will not be used to prevent reports from going to the Department of Justice. Section 403(a) is identical to section 403(a) of the Senate amendment. The House bill did not contain a similar provision.

Section 403(b) of the conference report clarifies the CIA Inspector General statute to ensure that the identity of an employee who has been granted confidentiality can be disclosed to the Department of Justice official responsible for determining whether a prosecution should be undertaken. Current law already provides for this but this provision would clarify and simplify the process. Section 403(b) is identical to section 403(b) of the Senate amendment. The House bill did not contain a similar provision.

TITLE V—DEPARTMENT OF DEFENSE  
INTELLIGENCE ACTIVITIES

**SEC. 501. DEFENSE INTELLIGENCE SENIOR LEVEL POSITIONS.**

Section 501 of the conference report amends section 1604 of title 10, United States Code, by authorizing the Secretary of Defense to establish the Defense Intelligence Senior Level (DISL) personnel system for the Defense Intelligence Agency (DIA) and the Central Imagery Office (CIO). Section 1604 currently authorizes the Secretary of Defense to establish positions for civilian officers and employees in DIA and CIO. The rates of basic pay for these positions are fixed in relation to the rates of basic pay provided in the General Schedule under section 5332 of title 5. Section 5332, however, which limits the grades of employees to GS-15, is insufficient for the needs of DIA and CIO.

In 1991, two Army field activities were transferred to DIA. The employees at the Missile and Space Intelligence Center and the Armed Forces Medical Intelligence Center are high-level technical employees. Their positions do not meet the management and program criteria for Senior Executive Service (SES) inclusion, but they do exceed the

GS-15 criteria. DIA is also acquiring the Human Intelligence (HUMINT) resources of the Military Services. This functional transfer will add over 1,000 civilian and military personnel to DIA's rolls, and there may be a need to structure at least one senior advisory assignment as part of the Defense HUMINT Service (DHS) architecture. Additionally, the increased Defense intelligence leadership roles of DIA and CIO require increased high level activity in technical analysis, liaison and advisory services.

The primary purpose of DISL positions will be to provide technical expertise and advisory services beyond the GS-15 level established by DIA and CIO. Employees in DISL positions will not be responsible for managerial and program oversight, which are functions of the SES. DISL positions will include Defense Intelligence Senior Technical (DIST) and Defense Intelligence Senior Professional (DISP) assignments. These positions are classifiable above the DIA and CIO GS-15 level but do not involve the organizational or program management functions necessary for the Defense Intelligence Senior Executive Service.

DIST positions are those that involve research and development; test and evaluation; or substantive analysis, liaison, and/or advisory activity focusing on engineering, physical sciences, computer science, mathematics, medicine, biology, chemistry, or other closely related scientific and technical fields; and intelligence disciplines including production, collection, and operations in close association with the preceding or related activities.

DISP positions are those that emphasize staff, liaison, analytical, advisory, or other activity focusing on intelligence, law, finance and accounting, program and budget, human resources management, training, information services, logistics, and other appropriate support fields.

DISL positions will provide DIA and CIO with the flexibility that is essential to recruit effectively and to retain highly competent employees with scientific, technical, or other complex skills. This provision allows the Secretary of Defense to establish a basic rate of pay that does not exceed the rate paid to Executive Level IV. It also authorizes the Secretary of Defense to provide to DIA and CIO employees other benefits, allowances, incentives, or compensation that similarly situated federal employees are eligible to receive under title 5, United States Code. Section 501 is identical to section 501 of the House bill. The Senate amendment did not contain a similar provision.

**SEC. 502. COMPARABLE BENEFITS AND ALLOWANCES FOR CIVILIAN AND MILITARY PERSONNEL ASSIGNED TO DEFENSE INTELLIGENCE FUNCTIONS OVERSEAS.**

Section 502 of the conference report amends section 1605 of title 10, United States Code, and section 431 of title 37, United States Code, to provide to civilian personnel and members of the armed forces serving with the Defense HUMINT Service outside the United States benefits and allowances comparable to those provided by the Secretary of State to officers and employees of the Foreign Service.

The Secretary of Defense has the authority to provide to civilian personnel and members of the armed forces assigned to the Defense Attaché Offices and the Defense Intelligence Agency Liaison Offices outside the United States benefits and allowances comparable to those provided by the Secretary of State to officers and employees of the Foreign Service. This authority was attained in 1983 (Public Law 98-215) because travel allowances and related benefits for overseas personnel at the Defense Attaché Offices and

the Defense Intelligence Agency Liaison Offices were different from Foreign Service personnel assigned overseas.

With the consolidation of Department of Defense human intelligence into the Defense HUMINT Service, the Defense Intelligence Agency will be responsible for a significant number of employees overseas. Although a number of these employees may be assigned to Defense Attaché Offices or Defense Intelligence Agency Liaison Offices outside the United States, there will be some assigned to other overseas locations. Since the Agency's authority to provide benefits and allowances to overseas employees is limited to the Defense Attaché Office and the Defense Intelligence Agency Liaison Offices, inequities will once again occur. Section 502 ensures comparable benefits for civilian and military personnel assigned to the Defense HUMINT Service overseas. Section 502 is virtually identical to Section 501 of the Senate amendment and section 502 of the House bill.

**SEC. 503. EXTENSION OF AUTHORITY TO CONDUCT INTELLIGENCE COMMERCIAL ACTIVITIES.**

Section 503 of the conference report would extend for three years, until December 31, 1998, the authority of the Secretary of Defense to initiate intelligence commercial activities to provide cover security to intelligence collection activities undertaken abroad by the Defense Department. This authority permits the Secretary to waive compliance with certain types of federal laws and regulations pertaining to the management and administration of federal entities when he determines that compliance by the commercial cover activity would create an unacceptable risk of compromise of an authorized intelligence collection activity. This authority is similar to the authority granted to the Central Intelligence Agency and the Federal Bureau of Investigation.

The Secretary's intelligence commercial cover authority was originally enacted as part of the FY 1991 Intelligence Authorization Act (Public Law 102-88) August 14, 1991. However, the intelligence commercial cover authority did not become effective until December 2, 1992, after the statutorily required promulgation and submission to Congress of a directive from the Secretary governing the implementation of the statute. Due to a variety of reasons, including the launching of a plan in 1993 to create a new Defense Humint Service under which all Defense Department human intelligence activities are being consolidated, this intelligence commercial activities authority has not yet been used, due largely to significant budget cuts effected in December 1992. Recently, however, DoD has enhanced its HUMINT efforts and is working closely with CIA to develop the skills, plans, and infrastructure necessary to effectively utilize this authority. Thus, the conference report extends the sunset provision to December 31, 1998.

The Administration's intelligence authorization legislative proposal sought repeal of the existing "sunset" clause, thus making the Secretary's intelligence commercial activities authority permanent. Senior officials from both the Defense Department and the Central Intelligence Agency testified to the continuing and growing need for the Secretary to have this authority under certain circumstances to provide bona fide commercial cover that can withstand detailed investigation by hostile foreign intelligence services as well as domestic scrutiny. The conferees agreed to the extension of the authority. However, in view of the lack of a record of use thus far, Section 503 extends the authority for three years, instead of the permanent extension originally sought by the Administration. Three years should provide time for the development and oversight of a

track record on the use of this authority without encouraging overuse of it, and particularly its more elaborate and sophisticated applications. At the end of that time, and based on its oversight of the record, the Intelligence Committees can address whether to make this authority permanent, extend it for a specific period or allow it to lapse. Section 503 is the same as section 503 of the House bill. Section 502 of the Senate amendment had extended the authority for five years.

**SEC. 504. AVAILABILITY OF FUNDS FOR TIER II UAV.**

The Fiscal Year 1995 authorization bill authorized full funding of the Defense Department's request for the Tier-2 Medium Altitude Endurance Unmanned Aerial Vehicle (UAV) Advanced Concept Technology Demonstration. The Fiscal Year 1995 defense appropriations bill included appropriations \$20 million above the amount authorized for the program. As these additional funds were not specifically authorized, as required by Section 504 of the National Security Act of 1947, the Department of Defense could not spend them. To remedy this problem, Section 504 of the conference report specifically authorizes an additional \$20 million for this program. Section 504 is identical to section 504 of the House bill. The Senate bill did not contain a similar provision.

**SEC. 505. MILITARY DEPARTMENT CIVILIAN INTELLIGENCE PERSONNEL MANAGEMENT SYSTEM.**

Section 505 of the conference report authorizes the Secretary of Defense to send civilian employees in the Military Departments' Civilian Intelligence Personnel Management System (CIPMS) to be students at accredited professional, technical, and other institutions of higher learning for training at the undergraduate level. This authority would be similar to that already granted to the Defense Intelligence Agency (DIA) in 10 U.S.C. section 1608 (Public Law 101-93, title V, section 507(a)(1), Nov 30, 1989, 103 Stat. 1710) and the National Security Agency (NSA) in 50 U.S.C. 402 note. The purpose of the new section is to establish an undergraduate training program, including training which may lead to the baccalaureate degree, to facilitate the recruitment of individuals, particularly minority, women, and handicapped high school students with a demonstrated capability to develop skills critical to the intelligence missions of the Military Departments in areas such as computer science, engineering, foreign language, and area studies. In exchange for this financial assistance from the respective CIPMS organization, the student participant would undertake an obligation to work for a period of one-and-one half year for each year or partial year of schooling.

The missions of the intelligence entities of the United States Government demand employees of extraordinary aptitude and strong undergraduate training. These same entities must compete with a private sector—capable of offering more favorable compensation arrangements—that in most instances has been able to outbid the USG in terms of attracting qualified minority candidates. Statistics in recent years indicate that the success of the Military Departments' CIPMS to attract minority group candidates has been marginal.

This proposal is designed to enhance the capabilities of the intelligence elements of the Military Departments to: (i) ensure equal employment opportunity with their civilian ranks through affirmative action; (ii) develop and retain personnel trained in the skills essential to the effective performance of their intelligence mission; and, (iii) compete on equal footing with other intelligence Community entities for personnel with criti-

cal skills. Section 505 is identical to section 503 of the Senate amendment. The House bill did not contain a similar provision.

**SEC. 506. ENHANCEMENT OF CAPABILITIES OF CERTAIN ARMY FACILITIES.**

Section 506 of the conference report is intended to assist the Department of the Army as it assumes executive agent responsibility for the Bad Aibling, Germany and Menwith Hill, England stations. Specifically, this provision would permit the Department of the Army to use up to \$2 million of appropriated operations and maintenance funds to rectify infrastructure and quality of life problems at Menwith Hill and Bad Aibling. At the present time, the Army is prohibited by statute from using appropriated funds to support certain activities. Section 506 was added to the Senate amendment in floor action. The House bill did not include a similar provision.

TITLE VI—FEDERAL BUREAU OF INVESTIGATION

**SEC. 601. DISCLOSURE OF INFORMATION AND CONSUMER REPORTS TO FBI FOR COUNTERINTELLIGENCE PURPOSES.**

Section 601 of the conference report would amend the Fair Credit Reporting Act (FCRA) (15 U.S.C. 1681f) to grant the Federal Bureau of Investigation (FBI) access to certain information in consumer credit records in counterintelligence investigations.

A similar provision was included in the Intelligence Authorization Act for FY 1995 as reported by the Senate Select Committee on Intelligence. The provision was dropped in conference at the request of the House Committee on Banking, Finance, and Urban Affairs upon assurances that it would pursue similar legislation. The U.S. House of Representatives ultimately adopted H.R. 5143 which was substantially the same as section 601 of this Act. The bill was never acted upon by the Senate during the last Congress. The conferees have recently received a letter from the Chairman of the House Committee on Banking and Financial Services in support of this provision. The language of that letter is as follows:

HOUSE OF REPRESENTATIVES, COMMITTEE ON BANKING AND FINANCIAL SERVICES,

Washington, DC, October 11, 1995.

Hon. NEWT GINGRICH,  
Speaker, House of Representatives,  
Washington, DC.

DEAR MR. SPEAKER: I am writing concerning H.R. 1655, the "Intelligence Authorization Act for Fiscal Year 1996" on which the House will soon appoint conferees to reconcile differences with the Senate. Section 601 of H.R. 1655, as added by the Senate amends the Fair Credit Reporting Act (FCRA) and thereby falls under the jurisdiction of the Committee on Banking and Financial Services, as provided for under Rule X of the Rules of the House of Representatives.

Section 601 of the Senate reported bill amends the FCRA to allow the FBI greater access to consumer reports when investigating foreign terrorism. The FCRA imposes certain obligations and liabilities on consumer reporting agencies in assembling, evaluating and maintaining consumer credit reports. Section 601 amends the FCRA to grant authority to the FBI to obtain certain information from a consumer report on a suspected terrorist without a court order.

The section is carefully crafted to protect consumers' rights to privacy while allowing law enforcement agencies to obtain necessary information in order to conduct authorized foreign counterintelligence investigations. This issue was considered by the Banking Committee in the last several Congresses and a provision similar to section 601

was passed by the full House in the 103rd Congress. In addition, Banking Committee conferees were appointed by the House to the Intelligence Authorization conference (H.R. 4299) last Congress on this issue. Given past precedent of the House and the fact that the language of this section was developed in consultation with the House Banking Committee.

I would strongly urge the House conferees to recede to the Senate on Section 601 or to consult with the Banking Committee in the event of any substantive modifications.

Sincerely,

JAMES A. LEACH,  
Chairman.

This provision would provide a limited expansion of the FBI's authority in counterintelligence investigations (including terrorism investigations), to obtain a consumer credit report with a court order. In addition, it would allow the FBI to use a "National Security Letter," i.e. a written certification by the FBI Director or the Director's designee, to obtain from a consumer credit agency the names and addresses of all financial institutions at which a consumer maintains an account, as well as certain identifying information.

Under current law, when appropriate legal standards are met, FBI is able to obtain mandatory access to credit records by means of a court order or grand jury subpoena (see the FCRA, 15 U.S.C. 168b(1)), but such an option is available to the FBI only after a counterintelligence investigation has been converted to a criminal investigation or proceeding. Many counterintelligence investigations never reach the criminal stage but proceed for intelligence purposes or are handled in diplomatic channels.

In addition, FBI presently has authority to use the National Security Letter mechanism to obtain two types of records; financial institution records (under the Right to Financial Privacy Act, 12 U.S.C. 3414(a)(5)) and telephone subscriber and toll billing information (under the Electronic Communications Privacy Act, 18 U.S.C. 2709). Expansion of this extraordinary authority is not taken lightly by the conferees, but the conferees have concluded that in this instance the need is genuine, the threshold for use is sufficiently rigorous, and, given the safeguards built in to the legislation, the threat to privacy is minimized.

Under a provision of the Right to Financial Privacy Act (RFP) (12 U.S.C. 3414(a)(5)), the FBI is entitled to obtain financial records from financial institutions, such as banks and credit card companies, by means of a National Security Letter when the Director or the Director's designee certifies in writing to the financial institution that such records are sought for foreign counterintelligence purposes and that there are specific and articulable facts giving reason to believe that the customer or entity whose records are sought is a foreign power or an agent of a foreign power, as those terms are defined in section 101 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801 et seq.).

The FBI considers such access to financial records crucial to trace the activities of suspected spies or terrorists. The need to follow financial dealings in counterintelligence investigations has grown as foreign intelligence service increasingly operate under non-official cover, i.e., pose as business entities or executives, and as foreign intelligence service activity has focused increasingly on U.S. economic information.

FBI's right of access under the Right to Financial Privacy Act cannot be effectively used, however, until the FBI discovers which financial institutions are being utilized by

the subject of a counterintelligence investigation. Consumer reports maintained by credit bureaus are a ready source of such information, but, although such report are readily available to the private sector, they are not available to FBI counterintelligence investigators. Under section 608 of the Fair Credit Reporting Act, without a court order, FBI counterintelligence officials, like other government agencies, are entitled to obtain only limited information from credit reporting agencies—the name, address, former addresses, places of employment, and former places of employment, of a person—and this information can be obtained only with the consent of the credit bureau.

FBI has made a specific showing to the conferees that the effort to identify financial institutions in order to make use of FBI authority under the Right to Financial Privacy Act can not only be time-consuming and resource-intensive, but can also require the use of investigative techniques—such as physical and electronic surveillance, review of mail covers, and canvassing of all banks in an area—that would appear to be more intrusive than the review of credit reports. FBI has offered a number of specific examples in which lengthy, intensive and intrusive surveillance activity was required to identify financial institutions doing business with a suspected spy or terrorist.

Section 601 of the instant legislation would amend FCRA by adding a new section 624, consisting of 13 paragraphs.

Paragraph 624(a) of the amended FCRA requires a consumer reporting agency to furnish to the FBI the names and addresses of all financial institutions at which a consumer maintains or has maintained an account, to the extent the agency has that information, when presented with a written request signed by the FBI Director or the Director's designee, which certifies compliance with the subsection. The FBI Director or the Director's designee may make such certification only if the Director or the Director's designee has determined in writing that such records are necessary for the conduct of an authorized foreign counterintelligence investigation and that there are specific and articulable facts giving reason to believe that the person whose consumer report is sought is a foreign power, a non-U.S. official of a foreign power, or an agent of a foreign power (as defined in Section 101 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801 et seq.)) and is engaged in terrorism or other criminal clandestine intelligence activities.

The requirement that there be specific and articulable facts giving reasons to believe that a U.S. person is an agent of a foreign power before FBI can obtain access to a consumer report is consistent with the standards in the Right to Financial Privacy Act, U.S.C. 3414(a)(5)(A), and the Electronic Communications Privacy Act, 18 U.S.C. 2709(b).

However, in contrast to those statutes, the conferees have drafted the FCRA certification requirement to provide that the FBI demand submitted to the consumer reporting agency make reference to the statutory provision without providing the agency with a written certification that the subject of the consumer report is believed to be an agent of a foreign power. FBI would still be required to record in writing its determination regarding the subject, and the credit reporting agency would be able to draw the necessary conclusion, but the conferees believe that this approach would reduce the risk of harm from the certification process itself to the person under investigation. A similar approach is taken in paragraph 624(b), described below.

Section 605 of the FCRA, 15 U.S.C. 1681c, defines "consumer report" in a manner that

prohibits the dissemination by credit reporting agencies of certain older information except in limited circumstances. None of these excepted circumstances would apply to FBI access under proposed FCRA paragraph 624(a) (or proposed FCRA paragraph 624(b)). Accordingly, FBI access would be limited to "consumer reports" as defined in section 605.

The term "an authorized foreign counterintelligence investigation" includes those FBI investigations conducted for the purpose of countering international terrorist activities as well as those FBI investigations conducted for the purpose of countering the intelligence activities of foreign powers. Both types of investigations are conducted under the auspices of the FBI's Intelligence Division, headed by an FBI Assistant Director.

As is the case with the FBI's existing National Security Letter authority under the Right to Financial Privacy Act (see Senate Report 99-307, May 21, 1986, p. 16; House Report 99-952, October 1, 1986, p. 23), the conferees expect that, if the Director of the FBI delegates this function under paragraph 624(a), as well as under paragraph 624(b) discussed below, the Director will delegate it no further than the level of FBI Deputy Assistant Director. (There are presently two Deputy Assistant Directors for the National Security Division, one with primary responsibility for counterintelligence investigations and the other with primary responsibility for international terrorism investigations.)

Paragraph 624(b) would give the FBI mandatory access to the consumer identifying information—name address, former addresses, places of employment, or former places of employment—that it may obtain under current section 608 only with the consent of the credit reporting agency. A consumer reporting agency would be required signed by the FBI Director or the Director's designee, which certifies compliance with the subsection. The Director or the Director's designee may make such a certification only if the Director or the Director's designee has determined in writing that such information is necessary to the conduct of an authorized foreign counterintelligence investigation and that there is information giving reason to believe that the person about whom the information is sought has been or is about to be, in contact with a foreign power or an agent of a foreign power, as defined in Section 101 of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801 et seq.).

FBI officials have indicated that they seek mandatory access to this identifying information in order to determine if a person who has been in contact with a foreign power or agent is a government or industry employee who might have access to sensitive information of interest to a foreign intelligence service. Accordingly, the conferees have drafted this provision to require that such limited information can be provided only in circumstances where the consumer has been or is about to be in contact with the foreign power or agent.

The conferees have also drafted paragraphs 624(a) and 624(b) in a manner intended to make clear the conferees' intent that the FBI may use this authority to obtain this information only as regard those persons who either are a foreign power or agent thereof or have been or will be in contact with a foreign power or agent. Although the consumer records of another person, such as a relative or friend of an agent of a foreign power, or identifying information respecting a relative or friend of a person in contact with an agent of a foreign power, may be of interest to FBI counterintelligence investigators, they are not subject to access under paragraphs 624(a) and 624(b).

It is not the intent of the conferees to require any credit reporting agency to gather

credit or identifying information on a person for the purpose of fulfilling an FBI request under paragraphs 624(a) and 624(b). A credit reporting agency's obligation under these provisions is to provide information responsive to the FBI's request that the credit reporting agency already has in its possession.

Paragraph 624(c) provides that, if requested in writing by the FBI, a court may issue an order ex parte directing a consumer reporting agency to furnish a consumer report to the FBI upon a showing in camera that the report is necessary for the conduct of an authorized foreign counterintelligence investigation and that there are specific and articulable facts giving reason to believe the consumer is an agent of a foreign power and is engaged in international terrorism or clandestine intelligence activities that may involve a crime.

Paragraph 624(d) provides that no consumer reporting agency or officer, employee, or agent of such institution shall disclose to any person, other than those officers, employees or agents of such institution necessary to fulfill the requirement to disclose information to the FBI under subsection 624, that the FBI has sought or obtained a consumer report or financial institution, or identifying information respecting any consumer under paragraphs 624, nor shall such agency, officer, employee, or agent include in any consumer report any information that would indicate that the FBI has sought or obtained such information. The prohibition against including such information in a consumer report is intended to clarify the obligations of the consumer reporting agencies. It is not intended to preclude employees of consumer reporting agencies from complying with company regulations or policies concerning the reporting of information, nor to preclude their complying with a subpoena for such information issued pursuant to appropriate legal authority.

Paragraph 624(d) departs from the parallel provision of the RFPA by clarifying that disclosure is permitted within the contacted institution to the extent necessary to fulfill the FBI request. The conferees have not concluded that, or otherwise taken a position whether, disclosure for such purpose would be forbidden by the RFPA; indeed, practicalities would dictate that the provision not be interpreted to exclude such disclosure. However, the conferees believe that clarification of the obligation for purposes of the FCRA is desirable.

Paragraph 624(e) requires the FBI, subject to the availability of appropriations, to pay to the consumer reporting agency assembling or providing credit records a fee in accordance with FCRA procedures for reimbursement for costs reasonably necessary and which have been directly incurred in searching for, reproducing, or transporting books, papers, records, or other data required or requested to be produced under section 624. The FBI informs the Committee that such reports are commercially available for approximately \$7 to \$25 and that FBI could expect to pay fees in approximately that range. FBI officials have advised the conferees that the costs of such reports would be easily recouped from the savings afforded by the reduced need for other investigative techniques aimed at obtaining the same information.

Paragraph 624(f) prohibits the FBI from disseminating information obtained pursuant to section 624 outside the FBI, except as may be necessary for the approval of conduct of a foreign counterintelligence investigation, or, where the information concerns military service personnel subject to the Uniform Code of Military Justice, to appropriate investigation authorities in the military department concerned as may be necessary for the conduct of a joint foreign

counterintelligence investigation with the FBI. Since the military departments have concurrent jurisdiction to investigate and prosecute military personnel subject to the Uniform Code of Military Justice, paragraph 624(g) permits the FBI to disseminate consumer credit reports it obtains pursuant to this section to appropriate military investigative authorities where a foreign counterintelligence investigation involves a military service person and is being conducted jointly with the FBI.

Paragraph 624(g) provides that nothing in section 624 shall be construed to prohibit information from being furnished by the FBI pursuant to subpoena or court order, or in connection with judicial or administrative proceeding to enforce the provisions of the FCRA. The paragraph further provides that nothing in section 624 shall be construed to authorize or permit the withholding of information from the Congress.

Paragraph 634(h) provides that on a semi-annual basis the Attorney General shall fully inform the Permanent Select Committee on Intelligence and the Committee on Banking, Finance, and Urban Affairs of the U.S. House of Representatives, and the Select Committee on Intelligence and the Committee on Banking, Housing, and Urban Affairs of the U.S. Senate concerning all requests made pursuant to section 624.

Semiannual reports are required to be submitted to the intelligence committees on (1) use of FBI's mandatory access provision of the RFPA by section 3414(a)(5)(C) of title 15, United States Code; and (2) use of the FBI's counterintelligence authority, under the Electronic Privacy Communications Act of 1986, to access telephone subscriber and toll billing information by section 2709(e) of title 18, United States Code. The conferees expect the reports required by FCRA paragraph 624(h) to match the level of detail included in these reports, i.e., a breakdown by quarter, by number of requests, by number or persons or organizations subject to requests, and by U.S. persons and organizations and non-U.S. persons and organizations.

Paragraphs 624(i) through 624(m) parallel the enforcement provisions of the Right to Financial Privacy Act, 12 U.S.C. 3417 and 3418.

Paragraph 624(i) establishes civil penalties for access or disclosure by an agency or department of the United States in violation of section 624. Damages, costs and attorney fees would be awarded to the person to whom the consumer reports related in the event of a violation.

Paragraph 624(j) provides that whenever a court determines that any agency or department of the United States has violated any provision of section 624 and that the circumstances surrounding the violation raise questions of whether an officer or employee of the agency or department acted willfully or intentionally with respect to the violation, the agency or department shall promptly

initiate a proceeding to determine whether disciplinary action is warranted against the officer or employee who was responsible for the violation.

Paragraph 624(k) provides that any credit reporting institution or agent or employee thereof making a disclosure of credit records pursuant to section 624 in good-faith reliance upon a certificate by the FBI pursuant to the provisions of section 624 shall not be liable to any person for such disclosure under title 15, the constitution of any State, or any law or regulation of any State or any political subdivision of any State.

Paragraph 624(l) provides that the remedies and sanctions set forth in section 624 shall be the only judicial remedies and sanctions for violations of the section.

Paragraph 624(m) provides that in addition to any other remedy contained in section 624, injunctive relief shall be available to require that the procedures of the section are compiled with and that in the event of any successful action, costs together with reasonable attorney's fees, as determined by the court, may be recovered.

Section 601 is identical to section 601 of the Senate amendment. The House bill did not contain a similar provision.

#### TITLE VII—TECHNICAL AMENDMENTS

#### SEC. 701. CLARIFICATION WITH RESPECT TO PAY FOR DIRECTOR OR DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE APPOINTED FROM COMMISSIONED OFFICERS OF THE ARMED FORCES.

Section 701 of the conference report amends section 102(c)(3)(C) of the National Security Act of 1947 to make clear that a retired military officer appointed as Director or Deputy Director of Central Intelligence can receive compensation at the appropriate level of the Executive Schedule under 5 U.S.C. §5313 (Director) or 5 U.S.C. §5314 (Deputy Director). This was clearly the intent of the drafters of this provision. The conferees are aware of the restriction on compensation that applies to active duty military personnel appointed as DCI or DDCI, and in no way wish to change this restriction. Section 701 is similar to Section 601 in the House bill and Section 701 in the Senate amendment.

#### SEC. 702. CHANGE OF DESIGNATION OF CIA OFFICE OF SECURITY.

Section 702 of the conference report amends the CIA Information Act of 1984 to reflect the recent reorganization of the CIA Office of Security into the Office of Personnel Security and the Office of Security Operations. The amendment will ensure that the Office of Personnel Security, where the records intended to be subject to the Act are kept, will continue to receive the benefit of the Act's exception from search and review under the Freedom of Information Act. Section 701 is similar to Section 602 in the House bill and Section 702 in the Senate amendment.

#### PROVISIONS NOT INCLUDED IN THE CONFERENCE REPORT

The Senate amendment included, at Section 404, a requirement for an annual report on liaison relationships. While the Conferees are committed to ensuring that the oversight committees are appropriately informed on liaison relationships, they do not believe that a statutory reporting requirement is the best way to achieve that result. Consequently, the conferees agreed to delete section 404.

From the Permanent Select Committee on Intelligence, for consideration of the House bill, and the Senate amendment, and modifications committed to conference:

LARRY COMBEST,  
R. K. DORNAN,  
BILL YOUNG,  
JAMES V. HANSEN,  
JERRY LEWIS,  
PORTER J. GOSS,  
BUD SHUSTER,  
BILL MCCOLLUM,  
MICHAEL N. CASTLE,  
NORMAN DICKS,  
BILL RICHARDSON,  
JULIAN C. DIXON,  
ROBERT G. TORRICELLI,  
RON COLEMAN,  
DAVID E. SKAGGS,  
NANCY PELOSI,

As additional conferees from the Committee on National Security, for consideration of defense tactical intelligence and related activities:

FLOYD SPENCE,  
BOB STUMP,

As additional conferees from the Committee on International Relations, for consideration of section 303 of the House bill, and section 303 of the Senate amendment, and modifications committed to conference:

BENJAMIN A. GILMAN,  
CHRISTOPHER SMITH,  
HOWARD L. BERMAN,

#### *Managers on the Part of the House.*

ARLEN SPECTER,  
RICHARD G. LUGAR,  
RICHARD SHELBY,  
MIKE DEWINE,  
JON KYL,  
JIM INHOFE,  
KAY BAILEY HUTCHISON,  
CONNIE MACK,  
BILL COHEN,  
STROM THURMOND,  
ROBERT KERREY,  
JOHN GLENN,  
RICHARD H. BRYAN,  
BOB GRAHAM,  
JOHN F. KERRY,  
MAX BAUCUS,  
J. BENNETT JOHNSTON,  
CHARLES ROBB,  
SAM NUNN,

#### *Managers on the Part of the Senate.*

### NOTICE

***Incomplete record of House proceedings. Except for concluding business which follows, today's House proceedings will be continued in the next issue of the Record.***

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. EDWARDS of Texas (at the request of Mr. GEPHARDT), for today, on account of his son's birth.

Mr. EMERSON (at the request of Mr. ARMEY), for today until 7 p.m., on account of chemotherapy treatment.

Mr. YATES (at the request of Mr. GEPHARDT), for today, on account of personal reasons.

#### 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. COLEMAN) to revise and extend their remarks and include extraneous material:)

Mr. DOGGETT, today, for 5 minutes.  
 Mr. POSHARD, today, for 5 minutes.  
 Ms. WATERS, today, for 5 minutes.  
 Ms. DELAURO, today, for 5 minutes.  
 Mr. STUPAK, today, for 5 minutes.  
 Ms. BROWN of Florida, today, for 5 minutes.  
 Mr. VOLKMER, today, for 5 minutes.  
 Mr. FRANK of Massachusetts, today, for 5 minutes.

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

Mr. BARR, today, for 5 minutes.  
 Mr. GEKAS, today, for 5 minutes.  
 Mr. FOLEY, today, for 5 minutes.  
 Mr. LEWIS of Kentucky, today, for 5 minutes.  
 Mr. BARTLETT of Maryland, today, for 5 minutes.  
 Mr. KIM, today, for 5 minutes.  
 Mr. LONGLEY, today, for 5 minutes.

(The following Members (at their own request) to revise and extend their remarks and include extraneous material:)

Mr. KENNEDY of Massachusetts, for 5 minutes, today.  
 Mr. LINDER, for 5 minutes, today.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. GEPHARDT, for 5 minutes, today.  
 (The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. HAYWORTH, for 5 minutes, today.  
 (The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. MORAN, today, for 5 minutes.  
 (The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. FRANK of Massachusetts, for 5 minutes, today.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. HOYER, today, for 5 minutes.  
 (The following Members (at their own request) to revise and extend their remarks and include extraneous material:)

Ms. JACKSON-LEE of Texas, for 5 minutes, today.

Mrs. SCHROEDER, for 5 minutes, today.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. FATTAH, for 5 minutes, today.  
 (The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. COBLE, for 5 minutes, today.

(The following Members (at their own request) to revise and extend their remarks and include extraneous material:)

Mr. KANJORSKI, for 5 minutes, today.  
 Mr. DAVIS, for 5 minutes, today.  
 Mr. DICKS, for 5 minutes, today.

(The following Members (at their own request) and to include extraneous matter:)

Mrs. EDDIE BERNICE JOHNSON of Texas.  
 Mr. HEFNER.

(The following Member (at his own request) and to include extraneous matter:)

Mr. UPTON.  
 (The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. PETERSON of Florida, for 5 minutes, today.

(The following Member (at this own request) to revise and extend his remarks and include extraneous material:)

Mr. SHAYS, for 5 minutes, today.  
 (The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. WYNN, for 5 minutes, today.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. HUTCHINSON, for 5 minutes, today.

(The following Members (at their own request) to revise and extend their remarks and include extraneous material:)

Mr. SCARBOROUGH, for 5 minutes, today.

Mr. POMEROY, for 5 minutes, today.  
 Mr. WELDON of Florida, for 5 minutes, today.

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

Mr. DUNCAN, for 5 minutes, on December 21.

Mr. FOLEY, for 5 minutes, on December 21.

Mr. FOX, for 5 minutes, today.  
 Mr. METCALF, for 5 minutes, today.

#### ADJOURNMENT

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

The motion was agreed to; accordingly (at 12 o'clock and 11 minutes a.m.), the House adjourned until today, Thursday, December 21, 1995, at 10 a.m.

#### OATH OF OFFICE, MEMBERS, RESIDENT COMMISSIONER, AND DELEGATES

The oath of office required by the sixth article of the Constitution of the United States, and as provided by section 2 of the act of May 13, 1884 (23 Stat. 22), to be administered to Members, Resident Commissioner, and Dele-

gates of the House of Representatives, the text of which is carried in 5 U.S.C. 3331:

"I AB, do solemnly swear (or affirm) that I will support and defend the Constitution of the United States against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I take this obligation freely; without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties of the office on which I am about to enter. So help me God."

has been subscribed to in person and filed in duplicate with the Clerk of the House of Representatives by the following Members of the 104th Congress, pursuant to the provisions of 2 U.S.C. 2b:

Honorable JESSE L. JACKSON, Second District, Illinois.

Honorable TOM CAMPBELL, 15th District, California.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 or rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1855. A letter from the Chief, Programs and Legislation Division, Office of Legislative Liaison, Department of the Air Force; transmitting a report concerning contracting of work currently performed at Newark Air Force Base [AFB], OH, pursuant to 10 U.S.C. 2304 note; to the Committee on National Security.

1856. A letter from the Secretary of Health and Human Services, transmitting a report on activities of the Office of Minority Health, pursuant to Public Law 101-527, section (104 Stat. 2313); to the Committee on Commerce.

1857. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting a copy of the Secretary's determination and justification for authorizing the use of \$8.1 million in fiscal year 1996 funds made available to carry out chapter 6 of part II of the FAA for assistance for states participating in the ECOMOG peacekeeping mission in Liberia, pursuant to 22 U.S.C. 2261(a)(2); to the Committee on International Relations.

1858. A letter from the Director, Division of Commissioned Personnel, Department of Health and Human Services, transmitting the annual report of the Public Health Service Commissioned Corps retirement system, pursuant to 31 U.S.C. 9503(a)(1)(B); to the Committee on Government Reform and Oversight.

1859. A letter from the President, National Railroad Passenger Corporation [Amtrak], transmitting the semiannual report on activities of the inspector general for the period April 1, 1995, through September 30, 1995, and management's response for the same period, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(b); to the Committee on Government Reform and Oversight.

1860. A letter from the Secretary of Transportation, transmitting a report on the U.S. Coast Guard military retirement system for fiscal year 1994, pursuant to 31 U.S.C. 9503(a)(1)(B); to the Committee on Government Reform and Oversight.

1861. A letter from the Chairman, Federal Election Commission, transmitting reports

regarding the receipt and use of Federal funds by candidates who accepted public financing for the 1992 Presidential primary and general elections, pursuant to 26 U.S.C. 9009(a)(5)(A) and 9039(a); to the Committee on House Oversight.

1862. A letter from the Administrator, Federal Highway Administration, transmitting the Administrator's status report entitled, "Progress Made in Implementing Sections 6016 and 1038 of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA)," pursuant to Public Law 102-240, section 6016(e) (105 Stat. 2183); to the Committee on Transportation and Infrastructure.

1863. A letter from the Secretary of Transportation, transmitting the Department's report entitled, "Ability of Crewmembers to Take Emergency Actions," pursuant to Public Law 101-380, section 4111(c) (104 Stat. 516); to the Committee on Transportation and Infrastructure.

1864. A letter from the Administrator, Environmental Protection Agency, transmitting the 1994 National Water Quality Inventory Report, pursuant to 33 U.S.C. 1315(b)(2); to the Committee on Transportation and Infrastructure.

1865. A letter from the Secretary of Labor, transmitting the Department's report on the impact of the Andean Trade Preference Act, pursuant to Public Law 102-182, section 207 (105 Stat. 1244); to the Committee on Ways and Means.

1866. A letter from the Secretary of Labor, transmitting the 11th report on trade and employment effects of the Caribbean Basin Economic Recovery Act, pursuant to 19 U.S.C. 2705; to the Committee on Ways and Means.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. COMBEST: Committee of Conference. Conference report on H.R. 1655. A bill to authorize appropriations for fiscal year 1996 for intelligence and intelligence-related activities of the U.S. Government, the community management account, and the Central Intelligence Agency retirement and disability system, and for other purposes (Rept. 104-427). Ordered to be printed.

Mr. LINDER: Committee on Rules. House Resolution 317. Resolution providing for consideration of the joint resolution (H.J. Res. 134) making further continuing appropriations for the fiscal year 1996, and for other purposes (Rept. 104-428). Referred to the House Calendar.

Mr. GOSS: Committee on Rules. House Resolution 318. Resolution waiving points of order against the conference report to accompany the bill (H.R. 1655) to authorize appropriations for fiscal year 1996 for intelligence and intelligence-related activities of the U.S. Government, the community management account, and the Central Intelligence Agency retirement and disability system, and for other purposes (Rept. 104-429). Referred to the House Calendar.

Mr. ARCHER: Committee of Conference. Conference report on H.R. 4. A bill to restore the American family, reduce illegitimacy, control welfare spending, and reduce welfare dependence (Rept. 104-430). Ordered to be printed.

Mr. SOLOMON: Committee on Rules. House Resolution 319. Resolution waiving points of order against the conference report to accompany the bill (H.R. 4) to restore the

American family, reduce illegitimacy, control welfare spending and reduce welfare dependence (Rept. 104-431). Referred to the House Calendar.

Ms. PRYCE: Committee on Rules. House Resolution 320. Resolution authorizing the Speaker to declare recesses subject to the call of the Chair from December 23, 1995, through December 27, 1995 (Rept. 104-432). Referred to the House Calendar.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HUTCHINSON (for himself, Mr. STUMP, Mr. SMITH of New Jersey, Mr. BILIRAKIS, Mr. BUYER, Mr. QUINN, Mr. BACHUS, Mr. STEARNS, Mr. NEY, Mr. FOX, Mr. BARR, Mr. HAYWORTH, Mr. COOLEY, Mr. SCHAEFER, Mr. CHABOT, Mr. WELDON of Florida, Mr. THORBERRY, Mr. COBURN, Mr. MONTGOMERY, Mr. EDWARDS, Mr. SPENCE, Mr. MASCARA, Mr. KENNEDY of Massachusetts, Mr. DOYLE, Mr. CUNNINGHAM, Mr. TEJEDA, Mr. EVERETT, Mr. WELLER, Mr. FLANAGAN, Ms. BROWN of Florida, Mr. NEUMANN, Mr. HOEKSTRA, Mr. RIGGS, Mr. TAYLOR of North Carolina, Mr. TOWNS, Mr. DAVIS, Mr. DEAL of Georgia, Mr. DELLUMS, Mr. DICKS, Mr. EHRlich, Mr. DICKEY, Mr. TRAFICANT, Mr. HASTINGS of Florida, Mr. HEFLEY, Mr. PACKARD, Mr. MICA, Mr. BUNN of Oregon, Mr. PARKER, Mr. LAHOOD, Ms. DANNER, Mr. DIAZ-BALART, Ms. DUNN of Washington, Mr. EHLERS, Mr. ENGLISH of Pennsylvania, Mr. EWING, Mr. BALLENGER, Mr. LATOURETTE, Mr. LUCAS, Mr. DORNAN, Mr. EMERSON, Mr. LARGENT, Mr. HALL of Ohio, Mr. HEINEMAN, Mr. HANCOCK, Mrs. LINCOLN, Mr. LAUGHLIN, Mr. TANNER, Mr. DUNCAN, Mr. MCHUGH, Mr. NORWOOD, Mr. NETHERCUTT, Mr. MCINNIS, Mr. LINDER, Mr. MCINTOSH, Mr. METCALF, Mr. MARTINI, Mr. MCCOLLUM, Mr. HAYES, Mr. MCKEON, Mr. MCDADE, Mr. MCCRERY, Mr. BAKER of California, Mr. LAZIO of New York, and Mr. HORN):

H.R. 2813. A bill to ensure that payments during fiscal year 1996 of compensation for veterans with service-connected disabilities, of dependency and indemnity compensation for survivors of such veterans, and of other veterans benefits, and payments to Department of Veterans Affairs contractors providing services directly related to patient health and safety, are made regardless of Government financial shortfalls; to the Committee on Appropriations, and in addition to the Committee on Veterans' Affairs, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. STUMP (for himself, Mr. MONTGOMERY, Mr. HUTCHINSON, and Mr. EDWARDS):

H.R. 2814. A bill to authorize major medical facility projects and major medical facility leases for the Department of Veterans Affairs for fiscal year 1996, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. KNOLLENBERG (for himself, Mr. BONO, Mr. BOUCHER, Mr. HEINEMAN, Mr. SCHIFF, and Mr. SMITH of Texas):

H.R. 2815. A bill to amend section 101 of title 11 of the United States Code to modify

the definition of single asset real estate and to make technical corrections; to the Committee on the Judiciary.

By Mr. NEY (for himself and Mr. REGULA):

H.R. 2816. A bill to reinstate the license for, and extend the deadline under the Federal Power Act applicable to the construction of, a hydroelectric project in Ohio, and for other purposes; to the Committee on Commerce.

By Mr. SCHUMER:

H.R. 2817. A bill to treat juvenile records in the same manner as adult records in certain cases; to the Committee on Economic and Educational Opportunities, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. SERRANO:

H.R. 2818. A bill to provide demonstration grants to establish clearing houses for the distribution to community-based organizations of information on prevention of youth violence and crime; to the Committee on the Judiciary, and in addition to the Committee on Economic and Educational Opportunities, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. WILLIAMS:

H.R. 2819. A bill to authorize the construction of the Fort Peck Rural County Water Supply System, to authorize assistance to the Fort Peck Rural County Water District, Inc., a nonprofit corporation, for the planning, design, and construction of the water supply system, and for other purposes; to the Committee on Resources.

By Mr. WATTS of Oklahoma:

H.R. 2820. A bill to amend the Consumer Credit Protection Act to assure meaningful disclosures of the terms of rental-purchase agreements, including disclosures of all costs to consumers under such agreements, to provide certain substantive rights to consumers under such agreements, and for other purposes; to the Committee on Banking and Financial Services.

By Mr. STUPAK:

H.R. 2821. A bill to provide for the transfer of six obsolete tugboats of the Navy; to the Committee on National Security.

By Mr. LIVINGSTON:

H.J. Res. 134. Joint resolution making further continuing appropriations for the fiscal year 1996, and for other purposes; to the Committee on Appropriations.

By Mr. DORNAN:

H.J. Res. 135. Joint resolution to establish a joint committee to oversee the conduct of Operation Joint Endeavor/Task Force Eagle; to the Committee on Rules.

By Mr. GILMAN (for himself, Mr. YATES, Mr. LANTOS, Mr. LATOURETTE, and Mr. REGULA):

H. Res. 316. Resolution deploring individuals who deny the historical reality of the Holocaust and commending the vital, ongoing work of the U.S. Holocaust Memorial Museum; to the Committee on Resources.

#### ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 104: Mr. MORAN.  
H.R. 359: Mr. SOUDER.  
H.R. 885: Mr. KING and Mr. HOUGHTON.  
H.R. 969: Mr. SHAW.  
H.R. 1073: Mrs. CLAYTON.  
H.R. 1074: Mrs. CLAYTON.

H.R. 1305: Mrs. CLAYTON.  
 H.R. 1656: Mr. OLVER.  
 H.R. 1674: Mr. JOHNSON of South Dakota.  
 H.R. 1972: Mr. MCHUGH, Mr. SCHIFF, Mr. MARTINI, and Mr. PACKARD.  
 H.R. 2223: Mr. ZIMMER.  
 H.R. 2246: Mr. FRAZER, Mr. FOGLIETTA, Mr. BURR, Mr. LIPINSKI, and Ms. PELOSI.  
 H.R. 2309: Mr. MATSUI.  
 H.R. 2406: Mr. BACHUS, Mr. KING, Mr. HAYWORTH, Mr. NEY, Mr. CHRYSLER, and Mr. STOCKMAN.  
 H.R. 2407: Mr. ZIMMER.  
 H.R. 2531: Mr. ENSIGN and Mr. HAYWORTH.  
 H.R. 2535: Mr. HANCOCK.  
 H.R. 2540: Mr. COBURN.  
 H.R. 2575: Mr. LEWIS of Georgia.  
 H.R. 2579: Mr. HOBSON and Mr. RIGGS.  
 H.R. 2632: Mr. BILIRAKIS.  
 H.R. 2657: Mr. EHRLICH.  
 H.R. 2697: Mr. CONYERS, Mr. TOWNS, Mr. REED, Mr. SABO, Mr. WAXMAN, and Mrs. CLAYTON.  
 H.R. 2727: Mr. NORWOOD, Mr. JACOBS, Mr. STOCKMAN, and Mr. CHRYSLER.  
 H.R. 2729: Mr. PASTOR.  
 H.R. 2747: Mrs. KELLY and Mr. CLYBURN.  
 H.R. 2757: Mr. REGULA, Mr. WAMP, Mr. WILSON, Ms. PELOSI, and Mr. NEY.  
 H.R. 2785: Mr. OBERSTAR, Mr. FAZIO of California, Ms. PELOSI, Mr. LIPINSKI, Mr. SAWYER, Mr. SCOTT, and Mr. BORSKI.

H.R. 2807: Mr. GENE GREEN of Texas.  
 H. Con. Res. 50: Ms. ROS-LEHTINEN.  
 H. Res. 283: Mr. WALSH, Mr. ZIMMER, Mrs. CHENOWETH, and Mr. ROTH.  
 H. Res. 286: Mr. WARD.  
 H. Res. 315: Mr. GILMAN, Mr. CLINGER, Mr. PACKARD, Mr. HEFLEY, Mr. LEACH, Mr. VIS-CLOSKY, Mr. LATHAM, Mr. HEINEMAN, Mr. KNOLLENBERG, and Mr. MANZULLO.

#### AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 558

OFFERED BY: MR. BRYANT OF TEXAS

AMENDMENT NO. 1: Page 2, line 9, "(a) IN GENERAL.—" before "The consent", in line 15 strike "and", in line 18 strike the period and insert "; and", and after line 18 insert the following:

(4) is granted subject to the condition described in subsection (b).

(b) CONDITION.—The consent of the Congress to the compact set forth in section 5 is granted on the condition that no compact facility (as defined in section 2.01(3) of the compact) may be sited within an active

earthquake zone. For purposes of this subsection, an active earthquake zone is an area within 150 miles from the epicenter of an earthquake which measured in excess of 5.0 on the Richter scale and which occurred in 1995.

H.R. 558

OFFERED BY: MR. COLEMAN

AMENDMENT NO. 2: Page 2, line 9, insert "(a) IN GENERAL.—" before "The consent", in line 15 strike "and", in line 18 strike the period and insert "; and", and after line 18 insert the following:

(4) is granted subject to the condition described in subsection (b).

(b) CONDITION.—The consent of the Congress to the compact set forth in section 5 is granted on the condition that no compact facility (as defined in section 2.01(3) of the compact) may be sited within 60 miles of an international boundary which is a river and which is within an active earthquake zone. For purposes of this subsection, an active earthquake zone is an area within 150 miles from the epicenter of an earthquake which measured in excess of 5.0 on the Richter scale and which occurred in 1995.