

It is a dramatic story, that additional shares were purchased as disturbing information starts to come out about the company: 302,000 shares purchased on October 22; 125,000 shares purchased on October 25; 374,000 shares purchased on October 29; 318,000 shares purchased on October 30.

On November 8, Enron admits it has overstated profits by \$568 million. On November 13, lo and behold, the Florida pension fund buys another 582,000 shares, just 5 days after Enron admitted publicly that it had overstated its profits by \$568 million.

Then, on November 14, the Florida pension fund buys another 479,000 shares. How did this happen? On November 16, the Florida pension fund buys another 210,000 shares. And, sadly, on November 30 the Florida pension fund sells 7.5 million shares at 28 cents a share, thus incurring the \$355 million loss.

I know a little bit about this because in my previous life as the elected State Treasurer of Florida, I sat on that pension board. The three-member board of trustees called the State Board of Administration, includes the Governor, the Treasurer, and the Comptroller. The board typically does not involve themselves in the day-to-day activities of the buying and selling. Far from it, in the past, the board—when I was there, we would not touch that with a 10-foot pole. That was left to the professional money managers.

But policy was set by the board. One of the most interesting times on the board that I had was as the swing vote to determine whether or not the Florida retirement system would sell—get rid of—its portfolio of tobacco stocks. Clearly, I knew what I wanted to do because I thought that it made good social policy to get rid of tobacco stocks. But I had a higher duty as a trustee of the State Board of Administration. I had a duty, a fiduciary duty to the retirees and future retirees, to the economic sanctity of the retirement fund. The threshold was very high on what we should and should not do in setting policy. So, too, what the professional, full-time managers should and should not do with regard to the purchase and sale of assets, including stock: a fiduciary duty for only the best, the most safe, and the least risky kind of investments. Why? Because we were trustees for all of the state retirees and future retirees of Florida.

As a former Florida State Treasurer, I want to express my concern openly in the Senate. Clearly when I see activity such as this, where almost 3 million shares are purchased within a 3-week period while the value of the stock is dropping. After the last purchase on November 16, only 2 weeks later the entire portfolio of 7.5 million shares are sold for only 28 cents a share. Why did this happen?

Had the former CEO of Enron appeared in front of the Commerce Committee today I would have asked him that question. I would have asked him

if he had no direct knowledge, then who would? Who would have made those choices, and why one of his board members, Mr. Frank Savage, who used to be one of the managers of Alliance Capital Management—why, even though at the time of this purchase in October and November he was not one of the managers—why would such purchases of a risky investment that turned out to be so costly, why would that investment have been made? Had I had the opportunity today in the Commerce Committee, that is what I would have asked. Rhetorically, to the Senate, I ask some of these questions. And as we get into the investigation of this Enron debacle, these questions must be answered.

Thank you for the opportunity to speak to the Senate. I yield the floor.

The PRESIDING OFFICER. The Senator from California is recognized.

Mrs. FEINSTEIN. Madam President, I thank the distinguished Senator from Florida for his comments. The largest retirement pension system in the United States is in the State of California.

Those systems have had very significant losses. I think his comments are very well designed and should be taken as a major indicator of fault and problems. I am sure when the hearings are held that as a member of the Commerce Committee, the Senator will have the good opportunity to point this out very clearly.

#### CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

#### HOPE FOR CHILDREN ACT

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of H.R. 622, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 622) to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes.

Pending:

Daschle/Baucus amendment No. 2698, in the nature of a substitute.

Reid (for Baucus) amendment No. 2721 (to amendment No. 2698), to provide emergency agriculture assistance.

Bunning/Inhofe modified amendment No. 2699 (to the language proposed to be stricken by amendment No. 2698), to provide that the exclusion from gross income for foster care payments shall also apply to payments by qualified placement agencies.

Hatch/Bennett amendment No. 2724 (to the language proposed to be stricken by amendment No. 2698), to amend the Internal Revenue Code of 1986 to allow the carryback of certain net operating losses for 7 years.

Domenici amendment No. 2723 (to the language proposed to be stricken by amendment No. 2698), to provide for a payroll tax holiday.

Allard/Hatch/Allen amendment No. 2722 (to the language proposed to be stricken by amendment No. 2698), to amend the Internal Revenue Code of 1986 to permanently extend

the research credit and to increase the rates of the alternative incremental credit.

Smith of New Hampshire amendment No. 2732 (to the language proposed to be stricken by amendment No. 2698), to provide a waiver of the early withdrawal penalty for distributions from qualified retirement plans to individuals called to active duty during the national emergency declared by the President on September 14, 2001.

Smith of New Hampshire amendment No. 2733 (to the language proposed to be stricken by amendment No. 2698), to prohibit a State from imposing a discriminatory tax on income earned within such State by non-residents of such State.

Smith of New Hampshire amendment No. 2734 (to the language proposed to be stricken by amendment No. 2698), to provide that tips received for certain services shall not be subject to income or employment taxes.

Smith of New Hampshire amendment No. 2735 (to the language proposed to be stricken by amendment No. 2698), to allow a deduction for real property taxes whether or not the taxpayer itemizes other deductions.

Sessions amendment No. 2736 (to the language proposed to be stricken by amendment No. 2698), to amend the Internal Revenue Code of 1986 to provide tax incentives for economic recovery and provide for the payment of emergency extended unemployment compensation.

Grassley (for McCain) amendment No. 2700 (to the language proposed to be stricken by amendment No. 2698), to amend the Internal Revenue Code of 1986 to provide a special rule for members of the uniformed services and Foreign Service in determining the exclusion of gain from the sale of a principal residence.

Kyl amendment No. 2758 (to the language proposed to be stricken by amendment No. 2698), to remove the sunset on the repeal of the estate tax.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Madam President, pursuant to the previous order, the Democrats now will offer the next two or three amendments that are in order.

AMENDMENT NO. 2764

Mr. REID. Madam President, on my behalf, that of Senator KYL, Senator NELSON of Florida, Senator HATCH, and Senator ZELL MILLER, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Nevada [Mr. REID], for himself, Mr. KYL, Mr. NELSON of Florida, Mr. HATCH, and Mr. MILLER, proposes an amendment numbered 2764.

Mr. REID. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To amend the Internal Revenue Code of 1986 to provide a refundable credit for recreational travel, to modify the business expense limits, and for other purposes)

At the end, add the following:

#### TITLE \_\_\_\_\_—PERSONAL TRAVEL AND BUSINESS EXPENSES

##### SEC. \_\_\_\_ 01. PERSONAL TRAVEL CREDIT.

(a) IN GENERAL.—Subpart C of part IV of subchapter A of chapter 1 (relating to refundable credits) is amended by redesignating section 35 as section 36 and inserting after section 34 the following new section: