

has subpoena powers that it can issue, and it is issuing subpoenas. It is directed by statute to report back to us by December 31 of this year.

Here we find ourselves in the position of getting ready to pass a financial re-regulation bill on the floor of the Senate tomorrow, in the middle of the year in July, knowing that we are not going to have until December of this year the forensic audit of our financial system done by the Financial Markets Crisis Commission which we unanimously funded and demanded. It is like a doctor doing surgery before he does a diagnosis. It does not make a lot of sense.

In particular, there is one part of the bill I want to focus on for a second that I think is rife for continuing problems without any regulatory oversight, and that is Freddie Mac and Fannie Mae.

I think everyone realizes that the purchase of mortgage-backed subprime securities by Freddie and Fannie created the depository whereby Wall Street went to raise the money to make subprime loans, knowing they could sell them to Freddie and Fannie. Once you create liquidity for those securities, you create a market, and those securities are going to be created to be funded or purchased by those entities.

That is exactly what happened over the 5 or 6 years preceding the beginning of the collapse in late 2007. Freddie and Fannie went from zero holdings in subprime loans to as much as 13 percent of their portfolio. This was not just because they decided to buy them, but it was in part because of a congressional directive for Freddie and Fannie to have a portion of their portfolio in what is known as affordable loans.

These affordable loans became subprime loans. They were securitized on Wall Street. The securities sold around the world, with the legitimacy of those securities based in part on the fact that U.S. Government-sponsored entities, Freddie Mac and Fannie Mae, were buying them, but also because Moody's and Standard & Poor's rated them AAA. Then all of a sudden we had a tremendous collapse of subprime securities that had devastating consequences not just for the United States but for the world.

Briefly, I want to tell a story to make that point. In August of 2008, I was in Kazakhstan with Leader REID and other Members of the Senate on a trip that later took us to Afghanistan and finally to Germany. When we arrived in Kazakhstan and landed at the airport, we went into the city in an ambassador's vehicle. As we went by, I saw this beautiful city in Asia, beautiful countryside, large buildings being built, beautiful flowers, obviously a country of great wealth. They do have most of the oil in the old Soviet Union, now the Russian Federation.

As we came into town, I kept noticing vacant, half-finished 20- and 30-story buildings with a chain-link fences around them and razor wire on the fences and a padlock on the doors.

We went to the Embassy and went to a briefing. When it was over, we were asked if there were any questions. I said: I have one. Is today a holiday?

The Ambassador's officer said: No, it is not a holiday. Why do you ask?

I said: We passed 15, 20 buildings half finished, cranes up, 20 to 30 stories, padlocks on the gates, razor wire on the fences, nobody working. What happened?

He said: U.S. mortgage-backed subprime securities.

I said: I beg your pardon.

He said: U.S. mortgage-backed subprime securities. He said: Just 3 weeks ago, Merrill Lynch in America wrote down their portfolio by 78 cents on the dollar. Therefore, the Bank of Kazakhstan, which had bought a number of these securities, wrote down their portfolio as well. They stopped funding construction loans. They stopped making mortgages.

Kazakhstan is 11½ time zones away from Washington, DC. The reverberations of the subprime security collapse affected not just the United States but the world. Today what is happening in Europe and other areas is, in part in our recession, was a consequence of what began by a mandate by Congress for Freddie Mac and Fannie Mae to purchase affordable mortgage-backed securities which became the subprime securities that collapsed the marketplace.

I tell that story and I make that statement to make my single important point on why this rush to judgment on the financial regulatory bill is wrong. It is wrong because it excludes Freddie Mac and Fannie Mae from any scrutiny or increased regulation. Let me repeat that. The two entities that created the market that bought the securities that fueled the funds for Wall Street to put them together and sell them—the two entities, Freddie Mac and Fannie Mae—are exempt from this financial re-regulation bill in terms of scrutiny.

That just, to me, does not make any sense. I think when the Financial Markets Crisis Commission reports back to us at the end of this year, it will make it clear that it is a mistake to rush to judgment.

It is critical that we have all the players under scrutiny and all the players under regulation, not just trying to create a feel-good system where we reregulate those who are already regulated, saying we are doing something about the conditions in the market when, in fact, we are raising the cost of doing business, lowering the ability for banks and lending institutions to extend capital and, in fact, in some ways contributing to a contraction of the recession we experience today in America.

When I cast my "no" vote tomorrow on financial re-regulation, it will not be because I don't think we need to do some things in the marketplace, but it will be because I think it is time we listen to the people we have charged to

come back to us with a forensic audit and tell us what we should have done rather than take a rush to judgment in a precarious and difficult time in the current recession in the United States.

I am grateful for the time given to me. My vote tomorrow on the financial re-regulation bill will be no. It is my hope that when the Financial Markets Crisis Commission comes back in December, we will find the right answers from that forensic audit to then make the right decisions for the financial markets of the United States of America.

I yield the floor.

The PRESIDING OFFICER. The Senator from Rhode Island.

#### TRIBUTE TO LIEUTENANT GENERAL FRANKLIN L. HAGENBECK

Mr. REED. Mr. President, next Monday, LTG Franklin Hagenbeck will retire from the U.S. Army after 39 years of service. He is a friend and a classmate from West Point, the class of 1971.

Buster Hagenbeck has distinguished himself as a soldier, as a scholar, as an individual of peerless leadership ability. He entered West Point with the class of 1971. He graduated and was commissioned an infantry officer. He served in a succession of assignments, culminating as the commander of the 10th Mountain Division in Afghanistan. There he fought the fight in Operation Enduring Freedom. He served with great distinction, great judgment, and great discernment of the situation. He certainly not only exemplified the courage and character of our troops, but he felt very deeply for their concern and welfare. That is the type of individual, that is the type of soldier he is.

After serving as the G-1 of the U.S. Army, he was designated the 57th Superintendent of the United States Military Academy. In the last several years, he has distinguished himself as a leader on not only issues of academic excellence but also, much more important, fulfilling the fundamental mission of the Military Academy to produce men and women committed to the motto of the academy: "Duty, honor, country." Selfless service to the Nation. Buster Hagenbeck personifies that spirit.

Under his leadership, West Point has been recognized by Forbes magazine as the best liberal arts college in the country. Every year it has successful candidates for Rhodes Scholarships and Marshall Scholarships. It is ranked at the very top in terms of engineering schools in the United States. But the real hallmark of West Point, as it always has been and always must be, is the men and women they produce, the young lieutenants who are today serving in Iraq and serving in Afghanistan, serving with courage and distinction.

I think it is not only comforting for them to know but inspiring that their Superintendent led forces in Afghanistan before them, that he knows what

lies ahead of them, and that he has done everything in his capacity and power to ensure that they are ready to serve the Nation and lead the Army.

I have been privileged to be his friend, to know both him and his wife Judy, to be a beneficiary of their warm friendship and their kindness.

As he retires from the U.S. Army, ending the last class of 1971 graduates in active service to the Army and the Nation, I congratulate him and thank him.

#### TRIBUTE TO BRIGADIER GENERAL PATRICK FINNEGAN

Mr. REED. Mr. President, I rise to pay tribute to an extraordinary officer and gentleman—my dear friend BG Patrick Finnegan.

Pat Finnegan and I go back a long way. We were classmates from the class of 1971 at West Point. We went to the Kennedy School of Government at Harvard University together. We went to the infantry officer basic course together, the airborne school. In fact, I was Lieutenant Finnegan's platoon leader.

Pat went on to serve first as an infantry officer and then as a military intelligence officer. He was so talented and so obviously marked for big things that he was selected by the Army to attend the University of Virginia Law School. There he demonstrated his great legal mind and talent by his remarkable success in the classroom. He was a member of the Law Review, and then went into the Judge Advocate General Corps. He served with distinction, never serving a Washington billet, but always with the troops in the field, overseas in Germany, but particularly with the Special Operations Command, those warriors who are the tip of the spear for our military forces.

Pat returned to West Point as a full colonel to become the head of the Department of Law. There he nurtured a generation of cadets. His success was such that he was the most obvious and the best choice to become the dean of the Military Academy, and he assumed those duties. For the last several years he has led the academic department at West Point with distinction.

West Point has been selected by Forbes magazine as the best undergraduate institution in the country. It has been recognized in terms of the scholarships awarded to its students and in terms of the excellence of its academic programs.

Pat contributed a lot more than just academic expertise. He and his wife Joan and their children and their grandchildren were a large part of the fabric of the West Point experience. They were there cheering on the cadets at their athletic events. They were there in the good times and the bad times of cadets. They were a source of inspiration and encouragement for class after class at West Point. Pat and Joan have left an indelible mark on the academy. They have done it with great

learning and great character, and they have inspired all of us with their dedication to the Army, to the country, and a dedication to each other and to their children.

It is with a great deal of pride that I salute BG Patrick Finnegan on his retirement from the U.S. Army and salute him also upon his appointment as president of Longwood University. Longwood will never regret their choice of a distinguished soldier and a great gentleman as their new president.

Mr. President, I yield the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Ms. KLOBUCHAR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. FRANKEN). Without objection, it is so ordered.

#### PROTECTING GULF BIRD HABITAT

Ms. KLOBUCHAR. Mr. President, as you well know, it has been 3 months since the Deepwater Horizon oil rig exploded in a massive fireball, killing 11 workers and injuring 17 others. But the extent of this tragedy is still beyond comprehension for everyone in this country. Since then, as we all know, as much as 50,000 barrels of oil per day has flowed into the Gulf of Mexico. At that rate, the Exxon Valdez disaster in Alaska has been duplicated every 4 days. I don't think that when this started, anyone thought that was possible.

There are many resources down there, as we know. It was slow going at first, but now we see more than 6,800 vessels, 117 aircraft, 3 million feet of boom, and more than 45,000 personnel.

In May, I went on an aerial tour of the spill while I was in New Orleans. I saw firsthand the miles and miles of oil slick covering the gulf, threatening the livelihoods of millions of people in the gulf coast as well as some of our Nation's most precious wildlife.

Our priorities are clear. First, we have to plug this well. We know there are some efforts underway as we speak, as well as a long-term plan of pushing some cement in there, that we know may not be completed until mid-August.

The second is that BP and others responsible must pay so that the taxpayers of our State of Minnesota as well as States across the country are not on the hook. The \$20 billion the President and others negotiated with BP was a very strong start because, as we know, what happened with the Exxon Valdez—20 years later, a lot of those families still had not gotten their money. Mr. President, 8,000 of the plaintiffs and fishermen died before they got their money in that case.

Third, we need to figure out what happened so this never happens again.

Fourth, we need to reform the agencies that were supposed to be the watchdogs but turned out to be the lapdogs and redouble our efforts to diversify the energy supply.

I have focused on addressing this disaster because I believe we owe it to the taxpayers and because this disaster has devastated the resources that belong to all Americans. Now, as we face the worst environmental disaster in our Nation's history, we cannot lose sight of a piece of it that I don't think has gotten enough attention. Why? Because we have not even seen it play out yet. We have seen that wildlife down there right now. We have seen the pelicans drenched with oil hobbling on the beaches. We have seen all that. But what we have not seen yet—and we have no idea of the extent of the problem yet—is what is going to happen to the 13 million migratory birds, waterfowl coming from Minnesota, coming from Wisconsin, that winter in the gulf coast in those marshes.

At first, no one, understandably, focused on the unsettling proposition that millions of birds that winter in the gulf every fall and winter will be faced with toxic shorelines and toxic marshes, but as the oil laps up on the shore, we have to face this unacceptable but real problem right now.

As you know, in our State we know summer has arrived when we hear the loon calls from our 10,000 lakes. Minnesota is home to half a million ducks and the largest population of loons in the continental United States. Hunting and wildlife watching is part of our heritage, but it is also an important part of our economy. Waterfowl hunting contributes almost \$50 million in economic activity in Minnesota every year, and Minnesota has the third highest birding participation rate of all States, at 33 percent or 1.5 million people.

The U.S. Fish and Wildlife Service is heading up the Natural Resource Damage Assessment and Restoration Program, which will come up with an estimate of restoration costs that will be sent to BP for them to pay to help clean up the shorelines, the estuaries, and the marshes. Additionally, the new escrow account that has been created will help ensure that the claims process for individuals and businesses runs smoothly and efficiently, and it will also help ensure that claims by government—State, local, and tribal—that are submitted to BP will not be delayed by a slow claims process.

But, while the Unified National Incident Command is doing all it can to stop the leak, it is important that we simultaneously do all we can to protect the habitat of the birds and the ducks in the gulf that support our hunting and birding economy in this country.

In just a few weeks, millions of birds will begin to migrate south from Canada, from the Great Plains and parts of the Midwest. They will fly hundreds or even thousands of miles to the gulf coast, where they spend their winters.