middle class, our working families. Let's get it done for middle class America. Without a strong middle class, there is not a strong America.

Mr. GARAMENDI. I thank you very much, Mr. Tonko, for bringing that up.

Mr. TONKO. Chairwoman Kaptur, I would like to take the podium here and to tell us about Wall Street and some of the reforms that she is advocating.

Ms. KAPTUR. I thank the gentleman for yielding me this time and rise this evening on the subject of MF Global and the clear need for oversight by the Congress.

Mr. Speaker, Congress isn't doing its job to investigate the fraud that has infected our entire financial system. Fraud perpetrated by Wall Street, and it has hurt the global financial system as well. I think the reason is that too many people have forgotten that gambling with other people's money often entices very addictive personalities who are incapable of self-policing. They need limits, and they need oversight. Otherwise they just keep getting into the same trouble again and again, harming innocent people in the process by looting their assets.

The American people know that corruption on Wall Street is pervasive, and millions upon millions of our fellow citizens have been harmed by it. The Republican leadership in this House have failed in their responsibility to aggressively investigate crime in the financial services sector.

Earlier this month, I spoke about Bloomberg's report on how President Bush's Secretary of the Treasury, Hank Paulson, in 2000, inappropriately and behind closed doors in a private meeting tipped off his former colleagues at Goldman Sachs and a handful of Wall Street insiders about how Fannie Mae and Freddie Mac might collapse and what steps the government intended to take. All of this occurred on the very same day that Secretary Paulson led The New York Times to believe that those two companies would give a signal of confidence in the financial services sector.

You can imagine what those financial insiders did with their investments before the rest of America was even aware.

I also reminded my colleagues that the Securities and Exchange Commission (SEC) had halted Citigroup in a New York court for settling fraud cases with major Wall Street banks like Citigroup in a way that allowed the biggest banks to walk away by simply paying a few fines without so much as admitting any wrongdoing.

And here's where is this Congress' oversight of these most crucial financial machinations that have so harmed our Nation and world since the private market crashed in 2008.

Finally, after months and months of pressure from Congress, the House Agriculture Committee held one of the first hearings we have seen all year. That hearing, called by Chairman Frank Lucas of Oklahoma and Ranking Member Collin Peterson of Minnesota, began to shed some light on what is the eighth-largest bankruptcy in U.S. history at MF Global Holdings. Its misdeeds had been widely reported, but they were missed by the media's myopia. We need to subpoena their full records and transactions that led to the collapse.

Even before last week's hearings, we knew that MF Global Holdings filed for Chapter 11 bankruptcy and confirmed that my district have been impacted and harmed as over $1 billion disappeared from customer accounts. The Washington Post and other press reported weeks ago that the firm's CEO, former Governor Jon Corzine, had essentially placed a $5.3 billion bet on the sovereign debt of several European Governments. After its most recent quarterly report showed almost $200 million in losses, MF Global stock lost 67 percent of its value.

But this is not just a case of an investment firm being lured by the higher returns of riskier bonds. As investigators continue to piece together what happened at MF Global, there is increasing evidence of criminal activity. This case has all the trappings of a massive case of fraud.

Now, CME Group Incorporated, which audited MF Global's accounts, reported weeks ago that Mr. Corzine's company violated key Federal requirements to keep its accounts separate from customer accounts. At last week's Agriculture Committee hearing, the public was once again told that as much as $1.2 billion may still be missing from segregated customer accounts.

This isn't just a case of misplaced money. The financial press has been reporting a staggering amount of malfeasance in the days before MF Global filed for bankruptcy. In an apparent effort to buy themselves time, MF Global began segregating customer accounts. The financial press has been reporting a staggering amount of malfeasance in the days before MF Global filed for bankruptcy.

Some of those checks, we all know now, bounced. There are stories of requests to transfer funds being denied and even inaccurate account statements being issued. Even more egregious are accounts of people receiving bounced checks going back and finding their accounts were also altered inappropriately. May I ask, if this doesn't sound like fraud, what is it?

The American people must demand more congressional oversight. Congress needs to produce more information. I attended last week's hearing in the House Agriculture Committee.

While some important questions were asked of Mr. Corzine, Congress' responsibility has been far from met. Anyone who carefully followed the hearing watched as Mr. Corzine dodged questions and provided hollow responses.

The Wall Street Journal provided us with an interesting assessment of Mr. Corzine's testimony that is worth entering in the Record. According to the Journal, Governor Corzine ducked or deflected questions 15 times. On five occasions, he used a well known strategy for avoiding accountability by using some variant of the phrase, "I did not intend to break any rules." He apologized on expressed regret six times for the damage his choices wrought on countless families and businesses. But the operative fact is $1.2 billion; that is the amount that is missing from MF Global's segregated client funds for which Mr. Corzine ultimately will be held accountable.

Congress must find out the real story behind this bankruptcy. Last week's hearing was a first step toward doing that. It's a crucial first step.

The SPEAKER pro tempore. There being no majority Member to be recognized at this time, under the Speaker's announced policy of January 5, 2011, the gentleman from Ohio (Ms. Kaptur) is recognized for 30 minutes.

Ms. KAPTUR. I thank the Speaker.

Let me mention that the Commodity Futures Trading Commission, Jill Sommers, a representative who testified at the hearing, was very invaluable to public understanding.

The SPEAKER pro tempore. There being no majority Member to be recognized at this time, under the Speaker's announced policy of January 5, 2011, the gentleman from California (Mr. GRIFFITH of Virginia) is recognized for 30 minutes.

Mr. GRIFFITH. Thank you, Mr. Speaker.

The SPEAKER pro tempore. There being no majority Member to be recognized at this time, under the Speaker's announced policy of January 5, 2011, the gentlewoman from Ohio (Ms. Kaptur) is recognized for 30 minutes.

Ms. KAPTUR. I thank the Speaker.

Let me rephrase this. At the hearing, the Commodity Futures Trading Commission's, Jill Sommers' testimony was invaluable to the public. Her testimony placed the MF Global collapse in proper perspective, and I'm quoting directly. She said:

"Lehman Brothers and Refco are the two most recent futures commission merchant bankruptcies. While the Lehman Brothers' bankruptcy was monumental in scale and the Refco bankruptcy involved serious fraud at the parent company, commodity customers did not lose their money at either firm. In both instances, commodity customer accounts were wholly intact; that is they contained all open positions and all associated segregated collateral. That being the case, customer accounts were promptly transferred to healthy PCMs—or futures commission merchants—with the commodity customers having no further involvement in the bankruptcy proceedings. Unfortunately, that is not what happened at MF Global because customer accounts were not intact."
It is an understatement to say that many American families and businesses lost important investments. The mismanagement of this one firm has put hundreds of people's investments in jeopardy. They deserve answers. Congress has lead responsibility to ask hard questions here are some questions that demand reply.

On transfers of funds from customer accounts, Congress must ask examiners from Chicago Mercantile Exchange Group that transfers at MF Global were made "in a manner that may have been designed to avoid detection," so let us ask: Should the person or persons who attempted to avoid this detection be held accountable, and how should that occur? It seems unlikely Mr. Corzine is not responsible. So which person, or persons, at MF Global made the decision to invade customer accounts? Congress must assure full tracing of those transactions.

A second group of questions should revolve around who are the responsible parties. If Mr. Corzine simply cannot recall or does not know what happened at MF Global, as he seemed to claim, who should Congress and investigators speak with at MF Global to ascertain his exact role and those of other executives? Who's going to probe? That's the role of a congressional investigative committee.

Who, besides Mr. Corzine, was directly responsible for segregating customer funds, or persons at MF Global moved those funds, and it's highly implausible that no one authorized that action. So what set of persons authorized those actions exactly?

Another set of questions should revolve around who approved MF Global's risk standards? We know that Michael Roseman, MF Global's former chief risk officer who resigned in March 2011, reportedly assessed that MF Global's risk standards might not have been intact; and then, how did he and his agency and his staff respond—day by day, hour by hour, email by email? Finally, according to Reuters, companies like Koch Industries removed billions from MF Global just before it filed bankruptcy. How did that powerful company know when to take their money out and why did my constituents not know when to take their money out? Could, in fact, Koch Industries have gotten the same tip-off that Goldman Sachs had given Freddie Mac investors and Fannie Mae investors just a few years before? How much of MF Global's money not wired rightfully belongs to the holders of segregated accounts that were approved by MF Global? How do my constituents get full restitution?

Yes, there are far too many questions—lots of questions—and far too few complete answers.

Yes, this Congress needs to take white collar crime more seriously. Who would accept an explanation, as we heard the other day, that "I did not intend to steal." It could be $100 from the corner gas station, right? How can that be an acceptable answer for taking hundreds of millions and over $1 billion?

Rigorous investigation matters. Congress needs more robust hearings. We need more thorough investigations.

What should concern all of us is that the financial industry's fraud and imprudence, yes, addictive behavior, is not limited to a case here or there. In the financial services sector, fraud has become systemic. It is endemic. It has harmed our Nation's economy to its vitals and has hurt millions of people across our country and the financial systems of other countries.

In 2000, the surreptitious underwriting of derivative regulation by this committee led to Wall Street's bullish plunder that we are now experiencing again, the result of addictive behavior of the 2000s.

You know, when you go back to the savings and loan crisis, that was much smaller than what we are enduring today. That is why I have the Glass-Steagall Act. In 2000, the Financial Crisis Criminal Investigation Act. It authorizes an additional 1,000 agents and forensic experts for the white collar crime division of the FBI to investigate and prosecute the white collar financial crimes. I encourage all of my colleagues to join me as a cosponsor. The Bureau does not have anywhere near the resources it needs to take on crimes of this magnitude and dimension.

Congress has long debated what level of regulation is needed to restrain financial addictions. There should be no debate about the need to uphold the law, to recover innocent people's money, to protect the addicted gamblers, to set a strict standard of behavior in the financial sector so it simply never happens again, so that we can restore confidence and regular order, not insider abuse, to America's financial markets.

I think this Congress has an awesome responsibility to do its job, and it should not fear anyone. The committee of this House should be working overtime to probe the truth, to find the truth, to get at the truth of those who harmed America and those who so many millions of people out of work, where so many homes have been foreclosed that the property values of this country can't even find their footing at this point.

It's affecting capital formation; it's affecting the ability of local banks to make loans because they're not sure what's going to happen to valuation on their books. What could be more serious than the committees of this Congress doing their job?

I want to commend Congressman Lucas of Oklahoma. I want to commend Congressman Peterson of Minnesota. Wouldn't it be wonderful if
they could continue their important work, but that the other committees of this Congress that have responsibility for oversight, Government Oversight and Reform, the Judiciary Committee, the Financial Services Committee, the Energy and Commerce Committee, were already ready to do the work that needs to be done to put this country's banking and financial system back in a decent position with prudent rules and to finally quash the addictive behavior that has brought our country to this very mess before?

[From The New York Times, Dec. 11, 2011]

A ROMANCE WITH RISK THAT BROUGHT ON A PANIC

(By Azam Ahmeo, Ben Protess and Susanne Craig)

Soon after taking the reins of MF Global in 2010, Jon S. Corzine visited the Wall Street firm's Chicago offices for the first time, greeting the brokers, analysts and sales staff there.

One broker, Cy Monley, caught Mr. Corzine's eye. Unknown to MF Global's top management in New York, the employee, whose clients traded sources and sellers in energy derivatives, was also trading a small account on the side, using the firm's capital.

"How are you making money on side bets? What exactly are you doing to make money here?" Mr. Corzine asked enthusiastically, his eyes widening, the broker recalled. The new chief executive grabbed a seat and spent an hour questioning Mr. Monley as other top executives from New York hovered impatiently nearby.

Although Mr. Corzine had been a United States senator from New Jersey, chief executive of Goldman Sachs and a confidant of leaders in Washington and Wall Street, he was at heart a trader, willing to gamble for a rich payoff.

Dozens of interviews reveal that Mr. Corzine played a much larger, hands-on role in the firm's high-stakes risk-taking than previously has been known.

An examination of company documents and interviews with regulators, former employees and others close to MF Global portrays a man who was an especially persuasive and convincing trader that he could quickly turn the money-losing firm into a miniature Goldman Sachs.

In the final days before filing for bankruptcy in October 2011, MF Global managed an estimated $2 billion of customer funds to other institutions.

He pushed through a $6.3 billion bet on European debt—a wager big enough to wipe out customer money. The bet on European sovereign debt is not thought to be directly connected to the missing money. But the fears about the firm's exposure to Europe heightened an anxious market, causing a run on MF Global that regulators suspect led the firm to fight for its life using customer money.

Mr. Corzine has been accused of any wrongdoing. Through a spokesman, he declined to comment for this article.

While Mr. Corzine apologized for the firm's collapse, he had continued to blame the strategy.

"If you want a smaller or different position, maybe you don't have the right guy here," he told them, according to a person familiar with the matter. He also told one senior board member that he would "be willing to step down" if they "had lost confidence in me," Mr. Corzine told Congress on Thursday, although he said he had not intended to make that bet.

The board relented.

A CURIOUS CAREER MOVE

Few would have guessed that Mr. Corzine, having led Goldman Sachs before serving in the Senate and then as its chairman, would wind up the chief executive of a little-known brokerage house.

At Goldman, which he joined in 1975, the young professional built his reputation as someone able to take big risks and generate big profits. Even after ascending to the top of the firm, he kept his own trading account on a small desk in the front of the capital.

In 1999, Mr. Corzine was ousted from Goldman amid a power struggle.

By 2010, having suffered a stinging defeat and studying for the Democratic governor of New Jersey, Mr. Corzine hoped his vast wealth while he was a senator, according to Congressional records.

Mr. Corzine's arrival was a coup. MF Global was looking to hire an experienced professional to manage itself, not to hunt for a new leader. But some members of the board, including David I. Schamis, who worked for Mr. Flowers at two rival firms, were recruiting Mr. Corzine.

He was a popular manager, former employees say. An avuncular presence with a beard and sweater vest, he had a knack for remembering names and faces, they recall that Mr. Corzine never lost his temper. His work ethic also impressed colleagues. He often started his day with a five-mile run, landing in his office by 6 a.m., and was regularly the last person to leave the office.

His intense routine was on par with his ambitions for the firm. With 15 top executives in the firm's boardroom on his first day, March 23, 2010, he said, "I think this is an entrepreneurial company. It can't wait to get started." one person who attended said.

Mr. Corzine faced a steep challenge. MF Global was the sellers of futures contracts for commodities like wheat or metals, and took a small commission along the way. But over the last decade, the business had declined. By the time Mr. Corzine arrived, near zero percent interest rates and paper-thin commissions had led to five consecutive quarters of losses.

Soon after taking the helm, Mr. Corzine oversaw a wave of job cuts and overhauled compensation, moving from steady commissions to a salary and discretionary bonuses like that of the rest of Wall Street.

At the same time, Mr. Corzine filled the roles of each employee from Mr. Flowers on. He centralized Goldman Sachs and hedge funds like the Soros Fund Management. He recruited Bradley Abelow, a fellow Goldman alumni and a top aide when Mr. Corzine was a senator, to be chief operating officer.

Mr. Corzine arrived just as Washington was pressing the big banks to curb their lucrative proprietary trading businesses. Spotting an opening, he fashioned new trading desks, including one just for mortgage securities and a separate unit to trade using the firm's own money. The business known as proprietary trading.

Not to be outdone, Mr. Corzine was the most profitable trader in that team, known as the Principal Strategies Group, according to a person briefed on the matter. Mr. Corzine traded oil, Treasury securities and currencies and earned in excess of $10 million for the firm in 2011, the person said.

Some inside MF Global worried that the expansion of the profitable trading business in New York came at the expense of its fee-generating operations, which was centered in Chicago. To drum up sales, Chicago brokers were pushed to introduce longtime clients to their colleagues in New York, a move that raised tensions.

At times, Mr. Corzine seemed unfamiliar with some aspects of the futures division. In June, speaking at the Sandler O'Neill Financial Services Conference at the St. Regis Hotel in Manhattan, Mr. Corzine stumbled.

"Right now, if you thought about MF Global in the retail customer business, you probably couldn't only think of—" he said, then paused to recall the name of the division at MF Global that catered to individual investors.

He leaned over to an aide, who told him it was Lind-Waldock.

"Chief Risk Officer"
R E C E S S

The SPEAKER pro tempore. Pursuant to clause 22(a) of Rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 9 o’clock and 35 minutes p.m.), the House stood in recess subject to the call of the Chair.

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A F T E R R E C E S S

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. DOLD) at 11 o’clock and 39 minutes p.m.

L E A V E O F A B S E N C E

By unanimous consent, leave of absence was granted to:

Mr. DIAZ-BALART (at the request of Mr. CANTOR) for today through December 16, on account of a family medical issue.

A D J O U R N M E N T

The SPEAKER pro tempore. Without objection, the House stands adjourned until 10 a.m. tomorrow for morning-hour business.

THERE WAS NO OBJECTION

Accordingly (at 11 o’clock and 40 minutes p.m.), under its previous order, the House adjourned until tomorrow, Thursday, December 15, 2011, at 10 a.m.

E X E C U T I V E C O M M U N I C A T I O N S, E T C.

Under clause 2 of rule XIV, executive communications were taken from the Speaker’s table and referred as follows:

4297. A letter from the Under Secretary of Defense (Comptroller), transmitting a report on the Antidiscrimination Act of 1998; to the Committee on Oversight and Government Reform, for a period to be determined by the Chair.

4298. A letter from the Chairman and President, Export-Import Bank, transmitting a report on transactions involving U.S. exports to the Kingdom of Saudi Arabia pursuant to Section 2(b)(3) of the Export-Import Bank Act of 1945, as amended; to the Committee on Financial Services.

4299. A letter from the Assistant Secretary, Legislative Affairs, Department of State, transmitting a report concerning methods employed by the Government of Cuba to comply with the United States-Cuba September 1994 “Joint Communique” and the treatment by the Government of Cuba of persons returned to Cuba in accordance with the United States-Cuba May 1995 “Joint Statement”, together known as the Migration Accords; to the Committee on Foreign Affairs.


4301. A letter from the Acting Staff Director, Commission on Civil Rights, transmitting the Commission’s Performance and Accountability Report for fiscal year 2011; to the Committee on Oversight and Government Reform.

4302. A letter from the Chief Human Capital Officer, Corporation for National and Community Service, transmitting a report pursuant to the Federal Vacancies Reform Act of 1998; to the Committee on Oversight and Government Reform.

4303. A letter from the Assistant Secretary, Legislative Affairs, Department of State, transmitting the Department’s Agency Financial Report for Fiscal Year 2011; to the Committee on Oversight and Government Reform.

4304. A letter from the Director of Legislative Affairs, Office of the Director of National Intelligence, transmitting a report pursuant to the Federal Vacancies Reform Act of 1998; to the Committee on Oversight and Government Reform.

4305. A letter from the Director of Legislative Affairs, Office of the Director of National Intelligence, transmitting 2 reports pursuant to the Federal Vacancies Reform Act of 1998; to the Committee on Oversight and Government Reform.

4306. A letter from the Delegated Authority of the Staff Director, Commission on Civil Rights, transmitting notification that the Commission recently appointed members of the Arizona Advisory Committee, to the Committee on the Judiciary.

P U B L I C B I L L S A N D R E S O L U T I O N S

Under clause 2 of rule XII, public bills and resolutions of the following titles were introduced and severally referred, as follows:

By Mr. BLUMENAUER (for himself, Mr. RGB of Texas, Mr. PAYNE, Mr. BURTON of Indiana, Mr. CARNAHAN, Mr. SIRES, Mr. MCCAUL, Mr. BERMAN, Mr. MCGOVERN, Mr. CONYERS, Ms. BASS of California, Ms. LEE of California, and Mr. SMITH of Washington):

H.R. 3568. A bill to strengthen implementation of the law of the sea; to the Committee on Foreign Affairs.

By Mr. PAULSEN (for himself, Mr. DAVIS of Kentucky, Mr. BOUSTANY, Mr. SCHOCK, and Mr. BURTON):

H.R. 3569. A bill to reauthorize the program of block grants to States for temporary assistance for needy families through fiscal year 2012, and for other purposes; to the Committee on Ways and Means.

By Mr. CARNAHAN (for himself, Mr. BURTON of Indiana, Mr. UNICKOLLY of Virginia, Mrs. ELLMERS, Mr. JONES, and Mr. WELCH):

H.R. 3569. A bill to establish the United States Office for Contingency Operations, and for other purposes; to the Committee on Foreign Affairs, and in addition to the Committee on Armed Services, and Oversight and Government Reform, 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. TIMRICK (for himself, Mr. NEAL, Mr. BUCHANAN, Mr. RANGEL, Mr. GERLACH, Mr. CROWLEY, Mr. TERRY, Mr. PASCHEN, and Mr. CLEAVEN):

H.R. 3561. A bill to repeal the Internal Revenue Code of 1986 to make permanent and expand the temporary minimum credit rate for the low-income housing tax credit program; to the Committee on Ways and Means.

By Mr. MCKEON (for himself, Mr. RUNYAN, Mr. AKIN, Mr. THORNHERRY, MTS.