

reason human offspring are sent home from the hospital with a couple of parents instead of a Visa card and the keys to an apartment. They are unformed. And uninformed. We're supposed to fill them in.

## KEEPING TABS

They don't need us to be their buddies. They have younger, cooler people willing to do that. They need snooty, pushy, loving, know-it-all parents.

A study presented Monday to the Pediatric Academic Societies convention reports that children of parents who keep close tabs on them are less likely to get in trouble. Do you suspect our parents already knew this? You know, the generation who set curfews, made us work for our spending money, made us answer a lot of annoying questions before they would allow us out of the house, nagged us about our hair and clothes.

Dr. Susan Feigelman, a University of Maryland researcher who led the study, advised parents to check up on their children's friends. This is a shocking notion for many enlightened former flower children.

Researchers surveyed children ages 9-15 over a four-year period. The group was asked whether their parents knew where they were after school, whether they were expected to call and say where they were going and with whom, whether their parents knew where they were at night.

Children monitored by their parents were less likely to sell drugs or use them. They were less likely to drink alcohol or have unprotected sex. Dr. Feigelman said the study showed that peer groups became more influential as children get older.

Probably peer groups and everything else. So it only makes sense for parents to monitor that, too. That's not repressive. That's not illegal. That is our job.

If a Marilyn Manson concert is unsuitable for viewing now, why not next month? If a gun show is inappropriate in the wake of the terrible crime committed with them in Littleton, why not forever? If a violent television show is too graphic today, how about tomorrow?

And when it becomes apparent that children are tormenting each other, adults need to intervene. Stop it. Even if the tormentors are popular athletes.

We have to start saying some hard things. To each other. But especially to our children.

Beginning with "no."

## RECOGNIZING THE 25TH ANNIVERSARY OF THE WIC PROGRAM

## HON. PATSY T. MINK

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, May 5, 1999*

Mrs. MINK of Hawaii. Mr. Speaker, I am very pleased to note that today marks the 25th anniversary of the Special Supplemental Program for Women, Infants, and Children—better known as WIC.

I was a member of Congress when the WIC program was created and am very proud of what it has accomplished. The hopes we had for the program have been achieved. WIC assists millions of lower-income pregnant, postpartum, and nursing women, infants, and children who are at risk of poor nutrition and health problems. The WIC program results in healthier babies and prevents health problems

that would cost far more in dollars and human suffering than WIC's preventive nutrition services.

I am especially proud of Hawaii's WIC program, which has increased its caseload by some 34 percent while absorbing a budget cut of 30 percent over the past two years. This remarkable accomplishment resulted in Faye Nakamoto, director of Hawaii's WIC program, being named 1998 Hawaii State Manager of the Year.

As we celebrate the 25th anniversary of WIC, I urge all my colleagues to support the president's funding request of \$4.1 billion—an increase of \$181.5 million from the funding levels of FY 1999 and 1998—so that this valuable program will be able to serve more women and children in need.

## A TRIBUTE TO DR. WILLIAM R. MAGILL

## HON. CURT WELDON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, May 5, 1999*

Mr. WELDON of Pennsylvania. Mr. Speaker, I rise today to pay tribute to a longtime educator, Dr. William R. Magill. This evening, friends and family will gather to pay tribute to Dr. Magill's long and distinguished career as he retires after 46 years of service.

A retired Army officer, Dr. Magill has always shown a great willingness to serve his community. Even after he put away his military uniform, Dr. Magill continued his service to the people of Pennsylvania as an assistant principal and Director of Federal programs at Steelton-Highspire School District in Steelton, PA and as principal of Annville Cleona Jr. and Sr. High Schools in Cleona, PA.

Dr. Magill then joined the faculty of Cheyney University where he has played a vital role in expanding the minds of his students and introducing them to other cultures. As part of his role as Chair of the graduate school's Educational Administration and Foundation Department, Dr. Magill has hosted graduate students from China and led study groups to England to study at Cambridge University.

Beyond his career in education, Dr. Magill also worked for a variety of community organizations. He serves as a board member of the Fellowship for Christian Athletes in Delaware and Chester Counties and as a precinct committee member in West Goshen, PA.

Dr. Magill has served his country as a military officer, a teacher, and a volunteer in his local community. Over his 46 year career as an educator, he has influenced and made an impact on the lives of the countless young people.

Mr. Speaker, I ask my colleagues to join me in today recognizing the accomplishments of Dr. Magill. He is a true American patriot.

## TRIBUTE TO SYLVAN RODRIGUEZ

## HON. TOM DELAY

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, May 5, 1999*

Mr. DELAY. Mr. Speaker, hypothetical quandaries always elicit interesting answers. Over two hundred years ago, Thomas Jefferson wrote that if he had to choose to have a government without the press or the press without a government, he would without hesitation prefer the latter situation. This position reflects that great founder's understanding of the important role of journalism in the American experiment. Sylvan Rodriguez also understands this role and has dedicated his life to making both journalism and the country better together.

Sylvan Rodriguez is a giant in the world of Houston broadcasting. Since 1977, he has graced the city's airwaves with crack reporting on politics and a special focus on space operations. His coverage of the space shuttle program and the exposure from the tragic Challenger explosion opened up many doors for him, including a stint as a Los Angeles correspondent for ABC News. His expertise has been sought by David Brinkley for the This Week program, by Ted Koppel for Nightline, by Peter Jennings for ABC World News Tonight and for Good Morning America.

Such a lion of the press did not start at the top however. Rather, Sylvan Rodriguez is an American success story whose love for journalism struck in early age and was nurtured over time. This boyhood love for the industry matured and was honed while attending the University of Texas at Austin where he tirelessly scribed for several newspapers and a wire service. At this time, his appetite for big news was wetted by covering the powers that were in Washington as an intern for the United States Information Agency where he learned the ins-and-outs of the White House, the Pentagon, the State Department and Capitol Hill. This foundation was bolstered by experience as a reporter and photographer covering state and national politics in San Antonio and Houston.

But the passion for reporting was not all consuming for Sylvan Rodriguez. Throughout his life, he has understood that a balance must be made between giving and taking. He has given much to the community and to his profession to match all the opportunities he earned for himself. While his list of philanthropic activities is a book long, he has given particular attention to foundations that give opportunities to children and fight cancer, diabetes, arthritis, Tourette Syndrome and Cerebral Palsy. A great example to any budding journalist, he is a founding member of the Houston Association of Hispanic Media Professionals.

Journalism has been described as an ability to meet the challenge of filling space. This definition does not only apply to column inches or airtime. It also touches on the space within ourselves where our heart and love of country should rest. Through his dedication to his profession and to others, Sylvan Rodriguez has filled all of these spaces for many years. Today, it is my honor to ask Congress to pay

May 5, 1999

tribute to Sylvan Rodriguez for being such a hero to journalism and to the community.

IN HONOR OF CHILDREN'S FRIEND

**HON. JAMES P. MCGOVERN**

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 5, 1999

Mr. MCGOVERN. Mr. Speaker, I rise today to acknowledge the 150th anniversary of Children's Friend, a proud institution of my district which promotes the emotional, social, and physical health of a needy and diverse population of children and advocates for their rights.

Few organizations serving children are as enduring as Children's Friend or have sustained such a record of initiating new solutions as the needs and problems facing children have changed. Whether it is helping to create the first modern adoption legislation passed by Massachusetts in 1851, pioneering placing children in foster care, preventing the dropout of pregnant and parenting teens from school, counseling children with attachment disorders or providing specialized psychological services to infants and toddlers, Children's Friend has been at the forefront of innovations in child welfare services.

Children's Friend restores hope and opportunity to children and families whose lives are challenged by emotional abuse and neglect, domestic violence, family instability, economic hardship and the stresses of modern living. One cannot overlook the critical societal needs child welfare institutions—like Children's Friend—fulfill.

Therefore, Mr. Speaker, it is with pride that I rise today to acknowledge the 150th anniversary of Children's Friend and to wish them continued success in the years ahead with their valuable community and child-oriented work for the people of Worcester and Central Massachusetts.

APRIL 28—WORKERS' MEMORIAL DAY UNDERLINES IMPORTANCE OF OCCUPATIONAL SAFETY

**HON. JAMES T. WALSH**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 5, 1999

Mr. WALSH. Mr. Speaker, today I ask my colleagues to join me in recognizing April 28 as Workers' Memorial Day in the State of New York. This is a wonderful opportunity for us to remember an important issue in today's workplace, occupational safety.

Every city, town and village in this country was built by the proud efforts of working people. They have contributed to our Nation's wealth and reputation, our national defense and quality of life.

In some instances in the past, they have endured harsh and even perilous conditions in pursuit of excellence and their livelihood.

Today, we must continue the fight to ensure the safety of all workers. The sacrifices of the past will not be forgotten as we strive to eliminate dangers at the workplace.

## EXTENSIONS OF REMARKS

I want to thank the working men and women of Central New York in particular for their invaluable contributions to our community.

CONSTRUCTIVE OWNERSHIP  
TRANSACTIONS

**HON. RICHARD E. NEAL**

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 5, 1999

Mr. NEAL of Massachusetts. Mr. Speaker, today I am introducing legislation to prevent a transaction the goal of which is tax avoidance by means of converting ordinary income or short-term capital gains into income eligible for long-term capital gains rates.

Since Congress enacted legislation to lower the capital gains tax below that of ordinary income, the press has written about a number of transactions that have been developed to recharacterize income primarily for the avoidance of tax. Congress closed one loophole in 1997 involving constructive sales or so-called "short-against-the-box" transactions. In those transactions investors were effectively selling an asset and receiving the benefits of a sale without calling it a sale for tax purposes. The Taxpayer Relief Act of 1997 termed these transactions constructive sales and restored the appropriate tax treatment, determining that if it looks like a sale and acts like a sale, it should be treated as a sale for tax purposes.

Consistent with that approach, our former colleague Barbara Kennelly developed additional legislation in 1998 that could be termed "constructive ownership" legislation. In this case, an investor effectively purchases an asset and has the benefit of ownership, but does not pay taxes on income from the asset in the same way as if the investor owned it directly. The solution that was proposed was to treat that investment no more favorably than the treatment ownership in the underlying asset would have received. In addition, while this treatment would assure appropriate capital gains treatment, these transactions could still be attractive for deferring the recognition of ordinary income—in contrast to direct owners who pay taxes annually on ordinary income. To correct this, the bill imposes a deferred interest charge to recapture the benefits of deferral.

As many in the industry will recognize, the legislation I am introducing today is based on the Kennelly bill, but makes several technical improvements which were suggested last year, primarily by the New York State Bar Association. Additional comments, of course, are certainly in order.

Investors in a hedge fund (and other pass through entities) are required to pay taxes annually on their share of the income from the fund regardless of whether they receive a distribution. In the transaction covered by the bill, investors indirectly invest in the fund through a derivative that is economically equivalent to a direct investment. However, the derivative allows the investor to defer his tax liability. Invest in a hedge fund, and you pay taxes every year, and those profits are taxed at the higher short-term capital gains rate. Place that same money in a derivative wrapped around a

8679

hedge fund, and you pay taxes only at the end of the contract, and the profit is taxed at the lower long-term capital gains rate. The bill I am introducing today states that if an investor indirectly owns a financial asset like a hedge fund through a derivative, they cannot get more long-term capital gain than if they owned the investment directly. In addition, there is an interest charge to offset the additional benefit of the deferral.

The effective date for this legislation is for gains realized after date of enactment. This is a more generous effective date than that contained in the Administration's budget. Still, some would argue that this is retroactive, because they signed contracts prior to the date of introduction of the Kennelly Bill and therefore were not on notice that a change in the law might occur.

Since I announced my intention to reintroduce the Kennelly bill, it is my understanding that a number of contracts have been, and continue to be, signed under the theory that the legislation may not pass Congress, and if it did the transaction could simply be unwound. This may explain the recent comments of Robert Gordon, President of 21st Securities, as reported in this month's edition of MAR/Hedge, which states: "Gordon says that the penalty is so low (in my legislation) that he would advise clients thinking about *synthetic hedges* (italics are mine) to go ahead. "There is not a lot of cost if the bill does become retroactive, you just unwind the swap." The penalty is the difference between the two interest rates—the one charged in the swap by the dealer and the interest rate earned by money in the investor's hands. Because the interest today and the interest rate when the law changes, say several months from now, will be relatively small, it is a small penalty to pay."

It is hard to be sympathetic to an investor who enters into a particular so-called "synthetic" transaction purely for purposes of tax avoidance. It is even harder to be sympathetic when the investor signs a contract after he was on notice that there was a legislative change under consideration. It is hardest of all to be sympathetic to an investor who deliberately signs a contract betting that the potential for tax avoidance far outweighs a potential loss attributed to unwinding a contract if the law does change, and then claims "retroactivity" in a last attempt to secure the benefits of tax avoidance.

Nonetheless, the fact remains that some contracts were signed prior to the date of introduction of the Kennelly bill. I have therefore added a grandfather clause to this legislation that exempts all contracts from changes in this bill if the contracts were signed prior to the date of introduction of her bill on February 5, 1998. The grandfather clause would cease to exist if the contract was extended or modified.

Mr. Speaker, all capital gains differentials invite attempts to recharacterize ordinary income or short-term capital gains into long-term capital gains. The transactions I am talking about are, of course, not available to the ordinary investor who must pay his fair share of taxes, but only to a small number of sophisticated wealthy investors. Any perception that being sophisticated and wealthy enough allows some to avoid paying their fair share of