

about defined contributions plans is that the employee pockets the investment gain on the assets in his or her account.

Employers and investment intermediaries would like to assist employees to make the most of their retirement saving opportunities. But an employer who arranges for financial professionals to deliver the tailored investment advice that those employees need risks a lawsuit by being deemed an ERISA fiduciary. Moreover, the arcane and highly complex ERISA prohibited transaction rules severely limited the ability of service providers (such as mutual funds, banks or insurers) to provide investment advice to workers in the plans they service. These rules are inconsistent with federal securities laws, which permit the provision of such advisory services when certain disclosures are made.

The result is that ERISA has been read to insist that individual workers by the millions become investment experts. It has not happened and it is causing workers to be less well invested than if employers or investment intermediaries were allowed to guide the individual employee on the asset allocation appropriate to his or her place in the life cycle, family circumstances, and other assets.

To address this problem, I am introducing the "Retirement Security Advice Act," which permits investment service firms to provide investment advice about all investment products, including their own, as long as material information is disclosed. Use of disclosure as a means of dealing with potential conflicts is well accepted in the securities laws and has been used in a number of ERISA exemptions granted by the Department of Labor.

The "Retirement Security Advice Act" would provide a statutory exemption from the ERISA prohibited transactions rules for: (1) the provision of investment advice to a plan, its participants and beneficiaries, (2) the purchase or sale of assets pursuant to such investment advice, and (3) the direct or indirect receipt of fees or other compensation in connection with providing the advice. The advice provider, by virtue of providing the advice, would assume fiduciary status as a "fiduciary adviser."

Only specified qualified and regulated entities would be permitted to deliver advice: registered investment advisers, banks, insurance companies, registered broker-dealers, and the affiliates, employees, agents, or registered representatives of those entities. Any investment advice provided to participants or beneficiaries would be implemented (through a purchase or sale of assets) only at their discretion. The terms of the transaction must be at least as favorable to the plan as an arms' length transaction would be, and the compensation received by the fiduciary adviser (and its affiliates) in connection with any transaction must be reasonable.

The fiduciary adviser, at or before the initial delivery of investment advice and annually thereafter, would have to provide a written or electronic disclosure of: (1) the fees or other compensation that the fiduciary adviser and its affiliates receive relating to the provision of investment advice or a resulting sale or acquisition of assets (including from third parties), (2) any interest of the fiduciary adviser or its affiliates in any asset recommended, purchased or sold, (3) any limitation placed on the fidu-

ciary's ability to provide advice, (4) the advisory services offered, and (5) any information required to be disclosed under applicable securities laws.

A plan sponsor or other fiduciary that arranges for a fiduciary adviser to provide investment advice to participants and beneficiaries would not be liable under ERISA for the specific investment advice provided to individual participants or beneficiaries, but would not be exempted from any other ERISA fiduciary obligations. No employer would be required to contract with an investment adviser and no employee would have to accept or follow any advice. The entire process is completely voluntary.

The "Retirement Security Advice Act" will empower workers with the information they need to make the most of the retirement savings and investment opportunities afforded them by today's 401(k)-type plans.

IN HONOR OF DR. DEZSO J.
LADANYI

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, June 26, 2000

Mr. KUCINICH. Mr. Speaker, today I recognize Dr. Dezso J. Ladanyi. Dr. Ladanyi is being presented with an Alumni Lifetime Leadership Award by Cleveland State University. This is an award presented to alumni for exceptional achievements and leadership skills that have brought both pride and recognition to the University and the community.

In 1942, Mr. Ladanyi graduated from Fenn College, magna cum laude, with a Bachelor's degree in chemical engineering. He continued his education at Case Western Reserve University where he earned both his Master's degree and his Ph.D.

Dr. Ladanyi joined NASA two years after earning his degree from Fenn College. At the time he was one of only 14 rocket scientists in the country. In 1967, he left NASA to start his own company, Advanced Dynamics, which produced temperature sensors. Only four years later, he started another company, Noral Inc., which has grown into one of the leading suppliers of thermocouples and other temperature sensors used in the plastics industry. The firm has recently doubled its size and tripled its manufacturing capacity. Dr. Ladanyi currently serves as the chief executive officer of the corporation, overseeing three generations of the Ladanyi family.

Both of Dr. Ladanyi's sons graduated from Cleveland State and his wife graduated from Fenn College. Along with leading two companies, Dr. Ladanyi has served as a role model and inspiration to students at Fenn and CSU for the past 29 years by teaching night courses in chemical engineering. He also has served in leadership positions for the Ludlow Community Organization, a former vice-president, and the First Hungarian Reform Church, an honorary trustee. Aside from these organizations Dr. Ladanyi has been an active Mason for more than 25 years, and is a member of the Magyar Club, a Hungarian professional club that celebrates Hungarian heritage

through the use of music, food and culture festivals.

My fellow colleagues, let us recognize and congratulate Dr. Ladanyi for his years of achievement.

HONORING GEORGE SAKATO

HON. DIANA DeGETTE

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Monday, June 26, 2000

Ms. DeGETTE. Mr. Speaker, today I honor George Sakato, a distinguished constituent of Denver and a member of the historic Nisei American Legion Post 185. Today, Mr. Sakato received the Congressional Medal of Honor from President Clinton for his valorous efforts during World War II. Under heavy fire, Mr. Sakato led a charge against, and victoriously overcame, an enemy bunker. He and the troops he led exacted a heavy toll on the enemy.

As a Japanese-American, Mr. Sakato initially experienced some difficulty enlisting in the military. After being denied by the Army Air Corps, Mr. Sakato enlisted in the 100th Battalion/442nd Regimental Combat Team, which was composed primarily of Japanese-Americans. Because the soldiers of this regiment demonstrated their unending valor and courage on the battlefield, the battalion became the most highly decorated unit in the U.S. military. After facing discrimination as a Japanese-American, it is truly appropriate that Mr. Sakato has been recognized for his superlative contribution to the security of our nation. My only regret today is that this honor was not bestowed on Mr. Sakato a long time ago.

We must always take time to honor our veterans, especially those who went above and beyond the call of duty in order to assure freedom and democracy. On behalf of the people of Denver, I would like to express my gratitude for Mr. Sakato's service and my congratulations to him on receiving the Congressional Medal of Honor.

LUBBOCK'S TEAM HOPE RAISES
BREAST CANCER AWARENESS

HON. LARRY COMBEST

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 26, 2000

Mr. COMBEST. Mr. Speaker, I rise today to honor my constituents who participated in this month's National Race for the Cure in Washington, D.C. as part of Team Hope, a team of West Texans lead by Suzie King, a breast cancer survivor from Lubbock, Texas. Suzie was one of many survivors who traveled to Washington to participate in this year's "celebration of survivorship." The Washington event was just one of many Races for the Cure that occurred nationwide as part of the fund-raising efforts of the Susan G. Komen Breast Cancer Foundation.

As the number of breast cancer diagnoses continues to rise, so does our nation's need for breast cancer awareness. The Komen