

**HON. MAJOR R. OWENS**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Thursday, August 2, 2001*

Mr. OWENS. Mr. Speaker, I requested of the author of H.R. 2273, the National Bank Offshore Activities Act of 2001, to permit me to lend my support for this legislation. Let me tell you why H.R. 2273 is so important.

As one member who is interested in relations between Asian nations and the United States, I would whole-heartedly endorse the purpose of H.R. 2273 in closing a major loophole in the United States' supervision of the national banks it charters.

My office has been in receipt of numerous press accounts about the treatment of a vitally important corporation in Thailand, Thailand Petrochemical Industries, Inc. (TPI); the second largest business in the country, by a "workout specialist" assigned to act as what we in the United States would call a "trustee in bankruptcy" This "workout specialist", Effective Planner, an agent of the accounting firm Ferrier Hodgson, from Australia, has, with a Thai bankruptcy court approval, become the agent of the United States chartered banks to whom the debt is owed. What should concern us here in the United States is the activities of the Effective Planner. These questionable actions include the diminution of the value of the company (TPI), by the use of questionable accounting procedures and poor business practices, the expenditure of millions of dollars to a bodyguard company which is either not in existence or is not appropriately registered as a legitimate corporation, and the initiation and ultimate culmination of a "debt for equity swap" which was done in an offshore Caribbean Bank in the British Virgin Island. This "swap" has permitted the U.S. chartered banks to own approximately three-fourths of the entire TPI stock. The manager of Effective Planner and several of his associates were arrested in Thailand for violation of the labor laws of that country, and have reportedly even removed themselves to Singapore to manage this Thailand company.

It is the stated goal of our foreign policy to assist our allies and friends around the world during difficult times. The Asia Debt Crisis, like the Mexican Debt Crisis several years ago, has presented a number of nations with difficult choices. Thailand is no different. It is for this reason that our private sector financial institutions should not be permitted to work against the interests of our country with respect to our relations with other nations. Certainly, no bank in the United States could be placed in control of a trustee in bankruptcy with the trustee being left to their own devices in acquiring control of a U.S. business without at least some supervisory or consultative authority, such as the Office of the Comptroller of the Currency (OCC) or a court, being capable of reviewing their activities. If alleged criminal and actionable civil activities were reported, surely the OCC would at a bare minimum, conduct some oversight of such actions. It should be no different for U.S. chartered banks doing business in friendly foreign country.

**EXTENSIONS OF REMARKS**

Our principal banking regulator, the Office of the Comptroller of the Treasury (OCC), continues to believe that it has little or no power to act against U.S. chartered banks implicated in illegal activities abroad, even when such activities may involve crimes such as embezzlement, money laundering, and establishment of secret accounts in offshore tax havens. This position makes H.R. 2273 even more important.

In this global economy, banks chartered and regulated by our government must maintain the highest legal and ethical standards wherever they operate. Simply put, our vital system of banking regulation and our confidence in our financial system is compromised when a U.S. chartered bank or its agents are implicated in criminal activities anywhere in the world. In fact, allowing our banks to enjoy a double standard harms our good relations with our trading partners and allies everywhere in the world.

This major loophole in our banking regulation is dramatically evident in Thailand, a staunch ally of our country and victim of the recent Asian economic crisis. Thailand actually stands to lose its domestic ownership and control of a key public company to foreign interests, including a group of banks chartered by us, through the Office of the Comptroller of the Currency.

As I stand here today, ownership and control of Thai Petrochemical Industries, or TPI has been transferred to a group of U.S. chartered and foreign banks by an equivalent of a bankruptcy trustee hired, supervised and controlled by those same banks. That trustee, Effective Planner, a foreign company that purportedly specializes in bankruptcy reorganizations, stands accused by TPI's shareholders of embezzlement, money laundering, and other crimes. Incredibly, that same trustee, supported by those same banks, stands accused of sending payments from TPI's own bank account to two of its business associates who have been indicted, convicted, and imprisoned in Laos for embezzlement, destruction of records, and tax evasion.

Unfortunately, instead of stopping such practices and terminating their relationship with the accused trustee, U.S. banks chartered and foreign banks licensed by our government have allowed the trustee to use countless sums of TPI funds to mount a public relations effort to defame TPI's founder and former CEO, who built TPI into one of Thailand's largest employers. The family who built the company has mounted a lonely crusade to prevent the trustee from disassembling TPI and feeding it to the banks for which the trustee works. Clearly, if those banks had no concern about the legality and fairness of their activities, why would they want their stock owned through a secret, offshore trust account?

Mr. Speaker, the involved banks and their trustee may have an explanation for all these troubling facts. If they do, they should report to the OCC the activities of the trustee for whose actions they must account. That is precisely what H.R. 2273 would require. I would ask my colleagues to join me in seeking passage of the bill.

*August 3, 2001*

OPPOSING H.R. 7

**HON. MAX SANDLIN**

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Thursday, August 2, 2001*

Mr. SANDLIN. Mr. Speaker, I rise today to oppose H.R. 7 in its current form. Churches and charitable organizations have always played an important role in our society. They operate food banks, provide services for victims of domestic violence, operate after school programs, and provide counseling services. Many of these organizations currently use federal grants or other sources of federal funds to operate these programs.

Use of federal funds for these programs is allowed under current law. I believe faith based organizations should be able to work in partnership with the federal government to operate these programs as they currently do. Communities of faith in this country give of their time and money to help those who are less fortunate. We in the federal government can and should assist them in that mission when appropriate.

While the motivation behind H.R. 7 is honorable in theory, the bill unfortunately has serious flaws. This bill would make it possible for religious groups to use taxpayer money to discriminate, not just on the basis of a prospective employee's religion, but also on the basis of his or her failure to practice that group's religious doctrine. No one should be required to be of a particular faith in order to obtain a federally funded job.

Furthermore, the bill sets a dangerous precedent by allowing government agencies to convert funding for a program into vouchers to religious organizations. By providing such vouchers, the federal government would permit these organizations to use federal tax dollars for sectarian instruction, worship, and proselytization.

In this country, we have a long history of supporting separation of church and state. We have a diverse religious make-up—something we celebrate. We must protect that diversity. By allowing religious institutions to receive federal funds without complying with federal laws, we discourage diversity.

Mr. Speaker, a broad coalition of religious organizations, education organizations, and civil rights groups oppose H.R. 7 in its current form. These groups include the American Federation of Teachers, American Jewish Congress, the Baptist Joint Committee, the NAACP, the National Education Association, the PTA, the Leadership Conference on Civil Rights, the United Methodist Church, the Episcopal Church, the Presbyterian Church, the Religious Action Center for Reform Judaism, and the Union of American Hebrew Congregations. When this many religious organizations are opposed to the bill, maybe we should ask ourselves what is wrong with the bill.