

theoretical models rather than practical realities.

Chairman Greenspan has been largely silent in the Basel II debate, although the irony is that he prudently questions the sufficiency of the capital levels at Fannie Mae and Freddie Mac. But Basel II would actually allow banks to hold less capital for the same mortgage assets than Fannie Mae and Freddie Mac are required to hold.

Current estimates of the capital that Basel II banks would have to hold for mortgage assets would also be at or below the capital level that led to the savings and loan crisis.

Some at the Federal Reserve appear to be more attuned to the importance of maintaining adequate regulatory capital reserves. Timothy Geithner, the president and CEO of the Federal Reserve Bank of New York, remarked recently that it was important for the nation's largest financial institutions to "maintain an ample capital cushion over and above the high regulatory thresholds."

He added that "because of the broader implications of a failure for the financial system and for the economy as a whole, the supervisory framework for the largest systematically significant banking organizations . . . needs to produce a higher level of financial soundness than might be indicated by measures of economic capital or expected by shareholders and creditors of the institution."

Sixth, proponents like to argue that Basel II is necessary to create competitive equity among internationally active banks. No capital accord will ever accomplish that objective, both because of significant differences in accounting standards and the wide disparity in the quality of regulation abroad, as Jerry Hawke has stated.

Global regulatory consistency will never be achieved, particularly when foreign banks abroad are examined only sporadically and without anywhere near the same thoroughness as U.S. banks. The reality is that U.S. banks have proven stronger, more profitable, and more resilient than their foreign counterparts in recent economic cycles.

Seventh, there clearly is an effort afoot, pending Basel II's adoption, to abolish the leverage ratio as inconsistent with the principles of Basel II. Congress and U.S. regulators must not weaken our country's important regulatory protections such as the leverage ratio and prompt corrective action regulations to emulate the questionable supervisory oversight abroad.

Although some at the Federal Reserve have provided assurances that the leverage ratio will be maintained under Basel II, some have left that question open. And powerful institutional and lobbying forces have already voiced their preference for capital regulations based exclusively on risk based credit models, and have called for the elimination of the leverage ratio.

This cannot be allowed. Among other things, the leverage ratio ensures that regardless of the risk-based models used by banks, there is at least a base level of protection in the event of a crisis, rather than relying primarily on an insurance fund or taxpayer bailout.

In sum, decades as a legislator have convinced me that the most effective regulations are those that are easy to understand, can be applied objectively and consistently, are not subject to manipulation, and can be monitored effectively by supervisors, managements, and market participants. This is particularly the case when dealing with issues affecting the stability of our domestic and global financial systems.

With some reasonable updating, the existing Basel I approach can continue to meet these goals and ensure that sufficient capital is available as a cushion against mistakes or unanticipated crises. Basel II would take us in a dangerous direction toward subjective self-assessments of capital and a dependence on complex theoretical models that are subject to manipulation and incapable of being effectively monitored.

I see no consideration of safety and soundness at all in the Basel II debate, and no recognition of the danger of adopting a new capital regulation that goes in the exact opposite direction from the recent reforms concerning corporate governance, regulatory oversight, and internal controls.

#### HONORING THE ACCOMPLISHMENTS OF TERRY LAZAR

##### HON. STEVE ISRAEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 5, 2005*

Mr. ISRAEL. Mr. Speaker, I rise today to honor the accomplishments of Terry Lazar. Through his daily actions, Terry truly upholds the tradition of service to both the family and community.

In each of his business endeavors, Terry remains faithful to his commitment of service—service with a unique combination of care and compassion. Terry's work in Lazar Sanders, LLP, Wealth Advisors Ltd. and Knowledge Partners has strengthened healthcare in our communities and has contributed to the world of financial services.

Terry has parlayed his expertise in health care to serve as an outspoken advocate for women's rights and women's health care. He has been an active supporter of the Ambulatory Surgery Center of Brooklyn, LLC, a state of the art facility serving women's health needs, and has developed a program for people living with HIV/AIDS which has been recognized by the State of New York and the Joint Commission on Accreditation of Healthcare Organizations.

Terry's service also greatly impacts the Jewish community. He serves as Vice President of the Long Island chapter of the American Jewish Committee, a Capital Club member of the American Israeli Policy Affairs Committee and President of the Long Island Executive Board of the Jewish National Fund. Terry has applied his knowledge and passion for Israel toward issues affecting the international community. He is a board member of the American Friends of Rambam Medical Center in Haifa, Israel, the cochair of the American Friends of Tzohar, Galil, Israel (a premier school serving children with disabilities), and is a member of the Board of Directors for the Institute for the Analysis of Global Security—a Washington think tank seeking to reduce America's reliance on Middle Eastern oil.

Finally, Terry is a loving husband to Phyllis, proud father of Damon, Danielle and Ginger and doting grandfather to Cory and Jordan.

Terry's commitment to service has strengthened our community and enriched the lives of many. He is a great friend to Long Island and I thank Terry Lazar for all of his hard work.

#### HONORING WILLIAM "BILL" BELL

##### HON. GEORGE RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 5, 2005*

Mr. RADANOVICH. Mr. Speaker, I rise to honor posthumously William "Bill" Bell of Madera, CA. Exuding a strong entrepreneurial spirit, Mr. Bell worked to enhance the way of life for many in his community. Mr. Bell's life will be celebrated in a special edition of his former newspaper, *The Ranchos Independent*.

In the late 1880's, Mr. Bell's family migrated from Kansas to California in search of new opportunities. After settling in Madera, CA, Bill's parents relocated the family to Southern California where he attended elementary and high school.

As a young adult, Bill capitalized on the post-WWII housing boom by opening an upholstery business to serve Southern California's growing furniture industry. Later, Bill went to work for an independent insurance agency where he taught insurance classes to agents for Century 21. In the early 1980's, Bill returned to Madera to work in the real estate industry where he gained great success and eventually opened his own Century 21 franchise.

Mr. Bell was involved in various organizations. He was a proud member of the Ontario Motor Speedway and Riverside Speedway Booster Clubs. In addition, he was a charter member of the Madera Ranchos Kiwanis Club and helped to organize the widely-popular Flatlander's Day Parade. Bill was a charter member of the Golden Valley Chamber of Commerce and is the former Owner, Editor, and Publisher of *The Ranchos Independent*, a newspaper dedicated to serving the Madera Ranchos community.

Bill is survived by his wife Pat, and their two children James and Jerri.

Mr. Speaker, I rise to honor posthumously Mr. William Bell for his service and dedication to his community. I urge my colleagues to join me in remembering and celebrating the life of William "Bill" Bell.

#### CHIEU LE AND LEE'S SANDWICHES—COMMITMENT TO OUR COMMUNITY

##### HON. LORETTA SANCHEZ

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 5, 2005*

Ms. LORETTA SANCHEZ of California. Mr. Speaker, I rise today to honor Mr. Chieu Le, founder and chief executive officer of Lee's Sandwiches in Orange County, California.

An immigrant and a business leader, Mr. Le was recognized by the Asian Business Association of Orange County in 2003 for his entrepreneurial spirit and commitment to the communities his company serves.

In 1981, one year after immigrating to the United States from Vietnam, Mr. Le and his family bought their first catering truck and began serving sandwiches in the community.

Twenty years later, they opened the first Lee's Sandwich Shop in Garden Grove, California. The idea of a fast-food style restaurant