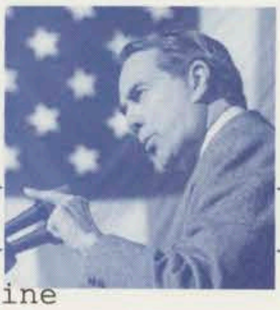
Bob Dole

NEWS FROM: U.S. SENATOR FOR KANSAS
SENATE REPUBLICAN LEADER



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SECURITIES LITIGATION REFORM

SENATE OVERRIDES CLINTON VETO;
BILL REDUCES FRIVOLOUS, COSTLY LAWSUITS & PROVIDES RELIEF TO WORKING AMERICANS & SMALL INVESTORS

I was very surprised and disappointed yesterday when I heard that President Clinton had vetoed the Private Securities Litigation Reform Act of 1995. Two weeks ago the Senate passed this bill by a bipartisan vote of 65 to 30 and until thirty minutes before the deadline Tuesday night, President Clinton indicated that he would support this bill.

As I pointed out when the Senate was debating the conference report to this bill, President Clinton had a clear choice. If he supported this bill, he supported creating jobs for Americans by reducing frivolous, costly lawsuits on businesses. If he opposed it, he only supported enriching the pockets of wealthy trial lawyers at the expense of consumers and investors. It's too bad he chose the latter.

President Clinton talks a lot about being concerned about middle-class Americans. It is my understanding that he invited some wealthy trial lawyers over for dinner the other night to thank them for a million dollar contribution. It's unfortunate that he decided to come down on their side, instead of the side of ordinary working Americans and small investors.

These wealthy trial lawyers devote their professional lives to gaming the system by filing "strike" suits alleging violations of the Federal securities laws--all in the hope that the defendant will settle quickly in order to avoid the expense of drawn-out litigation.

Of course, these strike suits are often baseless. If a stock price falls, these lawyers will file a class-action suit claiming that the company was too optimistic in their projections. If the stock price soars, these same lawyers will file suit saying that the company withheld information that caused shareholders to sell too early. In effect, the lawsuits act as a litigation tax that raises the cost of capital and chills disclosure of important corporate information to shareholders.

The high-tech, high-growth companies of Silicon Valley, California are particularly vulnerable to these fraudulent and abusive lawsuits because of the volatility of their stock prices. Over 50 percent of the top 100 businesses in Silicon Valley have been sued at least once. And the 500 million dollars in so-called damages, the majority of which goes to the wealthy trial lawyers, is money that could have been used to create jobs and pay higher salaries to the working-class in the high-tech industry.

The Senate has been working for years in a bipartisan manner to pass legislation on this issue. Yesterday, the House, in an overwhelmingly bipartisan fashion, voted 319 to 100 to override President Clinton's veto. This is a good and fair bill, and I urge my colleagues on both sides of the aisle to do likewise and support it.

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