

**NOMINATIONS OF ROBERT BONNER,
ROSARIO MARIN, JON HUNTSMAN, JR.,
ALEX AZAR II, AND JANET REHNQUIST**

HEARING

BEFORE THE

**COMMITTEE ON FINANCE
UNITED STATES SENATE**

ONE HUNDRED SEVENTH CONGRESS

FIRST SESSION

ON THE

NOMINATIONS OF

ROBERT BONNER, TO BE COMMISSIONER OF CUSTOMS, DEPARTMENT OF THE TREASURY; ROSARIO MARIN, TO BE TREASURER OF THE UNITED STATES, DEPARTMENT OF THE TREASURY; JON HUNTSMAN, JR., TO BE DEPUTY U.S. TRADE REPRESENTATIVE, OFFICE OF THE U.S. TRADE REPRESENTATIVE; ALEX AZAR II, TO BE GENERAL COUNSEL, DEPARTMENT OF HEALTH AND HUMAN SERVICES; AND JANET REHNQUIST, TO BE INSPECTOR GENERAL, DEPARTMENT OF HEALTH AND HUMAN SERVICES

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JULY 31, 2001
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**NOMINATIONS OF ROBERT BONNER,
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ALEX AZAR, II, AND JANET REHNQUIST**

TUESDAY, JULY 31, 2001

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, DC.

The hearing was convened, pursuant to notice, at 10:07 a.m., in room 215, Dirksen Senate Office Building, Hon. Max Baucus (chairman of the committee) presiding.

Present: Senators Graham, Grassley, and Hatch.

The CHAIRMAN. The committee will come to order.

I have a statement which I am going to give fairly soon, but, in deference to my good friend, the Senator from Utah, who has a short statement to make and would like to introduce one of the nominees, I am now going to turn to him so he can make that introduction.

**OPENING STATEMENT OF HON. ORRIN G. HATCH, A. U.S.
SENATOR FROM UTAH**

Senator HATCH. Thank you, Mr. Chairman. I appreciate your extending this courtesy, because I do need to get over to the FBI Director's confirmation hearing. I am a little bit late to that, but I am happy to be late because of the people who are sitting before us.

I am very pleased to introduce my friend and constituent, Jon Huntsman, Jr., to the Finance Committee. I am certain that Jon will do an outstanding job for the American people in the position of Deputy U.S. Trade Representative.

I have known Jon since he was a young man. He is still a young man, but his hair is starting to get gray now. In fact, his first job in Washington was as an intern on my staff in 1981.

Speaking of former staff members, let me mention Janet Rehnquist, for whom I have the highest esteem and who I know has developed a wonderful career. I am really pleased to see you accepting this position at this time.

You are the administration's nominee for Inspector General at HHS and I wholeheartedly support you, Janet, for this critical watchdog post, which is charged with protecting key programs like Medicare and Medicaid from fraud and abuse.

Mr. Azar, we are very pleased that you are going to be at HHS. It is a terrific job that you have. It is going to be a very difficult job. From what I know of your background, you are really up to it.

Ms. Marin, we are very grateful that you have accepted this job as Treasurer.

Of course, Mr. Bonner, I have known for a long time. He has been a great servant of the people, a judge, and of course has taken on this very, very tough job. I have respect for each and every one of you at this table.

But let me dwell on Mr. Huntsman for a few minutes. I know Jon Huntsman and his family very well. Jon is accompanied by his wife, Mary Kay—I am sure he will introduce all of them later—and their six children, Mary Anne, Abigail, Elizabeth, Jon, III, William, and Gracie. Although, I did not see Gracie here today. Is she here? She is here. All right.

I am sure that the committee wants to welcome all of the Huntsman family here today. I also want to recognize Jon's father, Jon Huntsman, Sr., who is my good friend and one of Utah's leading citizens, and one of America's great industrialists.

Jon Huntsman, Sr., as a father, I know how special this day is for him, and I am delighted to be here with him.

I would also say that Jon Huntsman, Sr. has established the Huntsman Cancer Institute in Salt Lake City that is doing some of the most important research in cancer and other related fields in the country today and has heavily funded it with his own personal money, which means an awful lot to us in Utah, and will mean a lot to everybody in this country as they continue to find breakthroughs in the area of the terrible malady of cancer.

Finally, I want to briefly introduce two young friends of the Huntsman family, Jennifer and Caitlin York, who are here with us today from Salt Lake City.

Now, Jon Huntsman is an exceptional young man. He is a graduate of the University of Pennsylvania and serves as a trustee for that great institution. Although only 41 years of age, Jon has accomplished much already in his career in the public sector, the private sector, and, of course, in the volunteer sector.

The Senate confirmed him to serve as Ambassador to Singapore in 1992. Prior to that time, Jon served in the first Bush Administration in the Department of Commerce in two senior posts, first, as Deputy Assistant Secretary for Trade Development, then as Deputy Assistant Secretary for East Asia and the Pacific.

Of particular note is the fact that, while serving at the Commerce Department, Jon was the chairman of the U.S.-China Joint Commission on Commerce and Trade Working Group.

I should mention that among his many attributes, Jon speaks fluent Mandarin Chinese. That is a skill that will help him carry out his new duties with respect to Far Eastern trade.

He served for 2 years in Taiwan as a missionary for the Church of Jesus Christ of Latter Day Saints, and I understand speaks the language very well.

Jon has been a leader in the private sector as well. He has held a number of important positions in the Huntsman Corporation, where he serves as vice chairman. I am proud that Utah is home to the Huntsman Corporation, which is one of the leading chemical companies in the world.

Jon has considerable first-hand experience in international trade and knows well how trade can benefit families both in the United States and abroad.

Finally, let me just pay special tribute to the work of Jon and his family in establishing, with a very generous financial commitment, the Huntsman Cancer Institute at the University of Utah.

Jon serves as president and CEO of the Huntsman Cancer Foundation. On August 25, Vice President Cheney will join the Huntsman family and the Salt Lake City community in groundbreaking ceremonies for a new state-of-the-art cancer hospital to go along with the existing laboratory facilities, also donated completely by the Huntsman family, at the University of Utah.

Jon also is very active in other important volunteer activities. He has served, or currently serves, as trustee for the Asia Foundation, vice chair for the Coalition for Utah's Future, chair of Envision Utah, trustee for the Institute of Advanced Study at Princeton, director of Intermountain Health Care, director of the International Board of Juvenile Diabetes Foundation, director of the Carl Malone Foundation for Kids, director for the National Bureau of Asian Research, chair of the Huntsman Program for International Studies in Business, and, finally, as director of both the Utah Opera and the Utah Symphony Orchestra.

Mr. Chairman, I am very pleased that President Bush has nominated such a qualified and outstanding person for this important position. There is no question that Jon Huntsman will help Ambassador Zoellick provide USTR with the leadership that it needs at this very crucial time in forming and implementing our Nation's trade agenda.

He is uniquely qualified to help the Congress and the public work on all of the issues associated with bringing China into the World Trade Organization.

I think that my colleagues will find Jon Huntsman as an individual who is willing to work in a bipartisan manner to promote the benefits of free trade in a manner that is consistent with the advances that we have had, and key American values.

So, I urge his nomination to be swiftly acted upon by the committee, and I want to congratulate each and every one of you who sit at this table today. You are all excellent people. We support all of you and we will do everything in our power to make your confirmations move as quickly as possible. Welcome.

The CHAIRMAN. Thank you very much, Senator.

**OPENING STATEMENT OF HON. MAX BAUCUS, A U.S. SENATOR
FROM MONTANA, CHAIRMAN, COMMITTEE ON FINANCE**

The CHAIRMAN. Just to repeat, we have five nominations this morning: Ms. Rosario Marin of Huntington Park, California to be our next Treasurer; Mr. Robert Bonner of Pasadena, California to be the next Commissioner of the Customs Service; Mr. Jon Huntsman, Jr., of Salt Lake City, Utah, to be Deputy USTR with the rank of Ambassador; Mr. Alex Azar, II of Chevy Chase, Maryland, as General Counsel for the Department of Health and Human Services; and Ms. Janet Rehnquist of Alexandria, Virginia as Inspector General of the Department of Health and Human Services.

First, I congratulate each of you and wish you luck. These are not easy jobs.

The nominees before us today are an impressive group of individuals who, in addition to their willingness to become public servants, have an interesting array of experiences and skills that will serve them well as they undertake these new assignments.

Ms. Marin is President Bush's nominee for the position of U.S. Treasurer. As Treasurer, she will supervise the U.S. Mint, the Bureau of Engraving and Printing, and the Savings Bond Marketing Office.

Ms. Marin brings a strong background in banking and community relations to this position. She has an impressive history of leadership in civic activities. For example, in 1986 she founded FUERZA Inc., an organization dedicated to the concerns of developmentally disabled Spanish-speaking people. She also served as the Commissioner for the California Film Commission and the Director of the Special Olympics. I compliment you for your public service.

On an historical note, Ms. Marin will become the 42nd Treasurer and will lead the only office within the Treasury Department older than the department itself. We have checked with the Congressional Research Service and they are fairly certain that Ms. Marin, who was born in Mexico City, will also be the first Treasurer born outside of the United States.

Mr. Bonner is President Bush's nominee to be the next Customs Commissioner. As Commissioner, he will oversee an agency with 19,000 employees and have the responsibility for annually collecting \$20 billion in revenues.

Mr. Bonner is a seasoned trial attorney and brings a wealth of experience in law enforcement to this position. He has exceptional management and leadership skills. He previously served as Administrator of the Drug Enforcement Administration, he has been a U.S. District Court judge, a U.S. Attorney, and Navy lawyer.

Jon Huntsman is the President's nominee to be Deputy U.S. Trade Representative. In that position, Mr. Huntsman will be primarily responsible for East Asian affairs.

Mr. Huntsman has extensive knowledge of Asia, having served as a Mormon missionary in Taiwan in the early 1980's, Deputy Assistant Secretary of Commerce for East Asia Affairs in the early 1990's, Ambassador to Singapore from 1992 to 1993. Mr. Huntsman also brings to his post his experience as a businessman.

The policy challenges Mr. Huntsman will face are many. His portfolio will include Chinese accession to the WTO, our ongoing efforts to improve market access in Korea and Japan, and negotiations of a free trade agreement with Singapore.

Mr. Alex Azar is President Bush's nominee for General Counsel of the Department of Health and Human Services. The General Counsel advises the Secretary on legal issues involving welfare, health care reform, tobacco regulation, fetal tissue research, nursing home quality care, Medicare, and Medicaid.

Mr. Azar brings to the position a strong litigation background. While his experience is, indeed, impressive and there is little doubt that he would make a strong addition to the government in general, I am concerned about his experience for the position of HHS General Counsel.

Mr. Azar, by his own admission, has a “significant learning curve” at HHS. I am concerned that he has little direct experience in health care law. I am, therefore, going to ask Mr. Azar to share with us any experience he has related to issues confronting HHS.

While it is clear that Mr. Azar is capable of ascending learning curves very quickly, we also hope he will discuss how he plans to do so and ensure that his position of tremendous responsibility is carried out as capably as our Nation deserves.

Ms. Janet Rehnquist is President Bush’s nominee for Inspector General at the Department of Health and Human Services. Like that of General Counsel, this is a position of enormous responsibility.

Ms. Rehnquist brings to this position 16 years of legal practice, including at least 8 years related to health care law. Currently, she serves as Assistant U.S. Attorney in the Eastern District of Virginia.

The Office of Inspector General is responsible for oversight at HHS generally, conducting fraud investigations, audits to identify systemic waste, abuse, and inefficiencies. Because the HHS budget totals more than \$429 billion, this Inspector General is necessarily one of the most important in the Federal Government.

The IG Office comprises over 1,000 auditors, investigators, and support staff spread out across the country. Management skills are an essential in this position.

It is worth noting that previous HHS IGs generally have had prior experience in other IG positions or have been acknowledged national experts in government waste, fraud, and abuse.

I remember touring Montana with former HHS IG June Gibbs Brown in 1996. She had previously served as the IG of the Social Security Administration, the Navy’s Pacific Fleet, the Department of Defense, of NASA, and the Department of Interior. Ms. Brown had a gentle glove, but was tough as nails. She also knew everything there was to know about how to beat fraud and abuse.

Given this committee’s interest in ensuring that government monies are appropriately spent and the programs are operating effectively, we expect the HHS to have an aggressive Inspector General.

I hope that Ms. Rehnquist will share her experience and concrete plans for attacking the problems confronting HHS and its 300-plus programs.

We look forward, this morning, to learning more about our nominees and to move forward in this process. There is much work to be done. We intend to work closely with you to achieve the results that we all look for in serving our people. Once again, congratulations to all of you as nominees.

I would now like to turn to the Ranking Republican on the committee, Senator Grassley.

OPENING STATEMENT OF HON. CHARLES E. GRASSLEY, A U.S. SENATOR FROM IOWA

Senator GRASSLEY. Yes. Thank you for having today’s hearing. I think we all ought to express our appreciation to you, and we ought to do it for the administration as well, for your prompt consideration of nominees.

Today's hearing will bring us up to date on all the nominees before the Finance Committee. Nobody in the administration can say that Senator Baucus is not doing his fair share to make sure that we move these along.

I want to apologize to the committee, as well as to the nominees today, because I may miss a big share of today's hearing. Across the hall we have the hearing on Mr. Mueller, for Director of FBI. As a member of that committee, I have not had a chance to ask my questions yet and today is the last opportunity. So, I would like to take some time to cover some matters of concern to me.

As many of you know, I try to perform oversight and investigation across a broad range of government agencies and departments. In that role, I am seeing a growing trend that is greatly disturbing to me. I see small signs of this administration being captured by the bureaucrats. The administration appears to be joining the bureaucrats in their desire to deny information in response to legitimate requests from the Congress.

I understand why the professional civil service does not want Congress to open up the drapes and let the sun shine in, but it makes no sense that this administration, with a commitment to changing the tone in Washington, DC, would agree to go along.

So, let me make very clear what I am talking about. The withholding of data from legitimate requests by a Ranking Member of a committee or subcommittee is completely unacceptable.

We have nominees before us from two departments that seem to be already listening to the siren song of the bureaucrats that the constitutional Congressional role of oversight can be disregarded and ignored.

For instance, Senator Baucus and I have initiated a review of the Ryan White Program. As part of that review, I have asked for travel records of the Health Resource and Services Administration at HHS that oversees the Ryan White Program. There have been several reports in the press about travel boondoggles at this agency, and I believe it justifies further review.

So far, HHS has hemmed and hawed and claimed Privacy Act protections, and done just about everything that they can do, except provide me the information that I requested and was supposed to be provided to me today from HHS.

The same road blocks are being seen in Treasury. I am reviewing some actions by the Customs Department and have met a similar response from bureaucrats there: the Privacy Act prevents release of data to Ranking Member requests.

Now, let us see what the Senate legal counsel has to say about it. That office has reviewed this matter and agrees with me completely that Ranking Members of committees and subcommittees are not limited by the Privacy Act to receiving information requested.

I have submitted questions on this issue to the nominees from HHS and Customs. This is not simply a matter of receiving the information I have specifically mentioned, this is a matter of the departments no longer listening to bureaucrats who wish to cover up and hide waste, fraud, and abuse.

The departments must make sure that this is permanent policy, that Ranking Members of committees and subcommittees are enti-

tled to information covered by the Privacy Act. I expect a response to my questions from the Department of Treasury and Health and Human Services prior to full Senate consideration of these nominees.

I have said my piece on this matter. I would like to now turn to the nominees. I want to discuss, particularly, two nominees related to trade, the Commissioner of Customs and the Deputy U.S. Trade Representative.

First, with respects to the Customs Service, it is vital to understand the role this agency plays in maintaining America's international competitiveness. Exports and imports account for about 27 percent of our gross national product. In other words, foreign commerce is \$3 trillion of economic activity in our \$10 trillion economy. The Customs Service is the gatekeeper through which much of this commerce is processed.

Every year, Customs' computer system, the automatic commercial system, processes about \$1 trillion in U.S. imports. That is an 18-year-old system today that is near collapse.

A nation that depends as much on the international marketplace as we do cannot get by with a Customs computer system that was put in place about the time that Cal Ripken was named the Rookie of the Year for the American league.

Next, I want to say a word about the Deputy U.S. Trade Representative. Mr. Huntsman, you have some impressive credentials. It is my hope and expectation that you will quickly be confirmed. When that happens, you will be one of America's foremost and frontline trade negotiators.

But, unfortunately, Congress has to give you the tools that you need to do your job, and that is the President's trade promotion authority. Your counterpart at the negotiating tables from other continents will have credibility and authority that you will not have.

They may be able to negotiate and conclude preferential trade deals that you will not be able to negotiate. At least, you will not be able to negotiate as effectively.

Our trading partners know how our system works. They know if Congress withholds trade negotiating authority for the President or makes it so burdensome that trade deals will have a hard time winning expedited Congressional approval, that you and your colleagues will be less effective in bringing back good trade deals for America's farmers, ranchers, and workers.

I want you to know that, when you are out on the road representing the United States at the negotiating table, that you are not alone. You and the President have allies in Congress, Republican and Democrat allies who believe that when it comes to America's leadership in international trade, politics stop at the water's edge.

Mr. Huntsman, I am going to do everything I can possibly do to help renew the President's trade promotion authority this year.

I thank you, Mr. Chairman. Thank you all. I want to congratulate all of you for your appointment from the President, and hopefully you will conform to our requests so we can help move these nominees along.

The CHAIRMAN. I would now like to turn to the nominees. I will say to each of you, your full statements will be included in the

record and I would like each of you to speak for about 3 minutes. It is like the old standard one-page memo. It forces you to get to the heart of the matter more quickly, not to ramble. That is the three behind the 3 minutes.

The Senator from Florida?

Senator GRAHAM. Mr. Chairman, unfortunately, I am probably going to have to leave during the course of the opening comments by the nominees. I regret that. Will we have an opportunity to submit questions for written responses?

The CHAIRMAN. Yes. Absolutely. Absolutely.

Senator GRAHAM. Thank you, Mr. Chairman.

[The questions and answers appear in the appendix.]

The CHAIRMAN. All right. Mr. Bonner, you are first.

**STATEMENT OF ROBERT BONNER, TO BE COMMISSIONER OF
CUSTOMS, DEPARTMENT OF TREASURY**

Mr. BONNER. Thank you, Mr. Chairman and Senator Graham. I will try to live within that 3-minute restriction. It is always tough for a lawyer, Mr. Chairman.

The CHAIRMAN. I might add, an extension of the 3 minutes is available for you to introduce friends and family who might be here.

Mr. BONNER. In fact, I am delighted to appear before the committee to discuss my nomination to be the Commissioner of the U.S. Customs Service.

But the very first thing I do want to do, with the permission of the Chair, is to introduce my wife, Kimiko, if she would stand. I can assure you, Mr. Chairman, that without her love and support throughout my career, I certainly would not be here today before this committee.

I want to express my appreciation to President Bush for nominating me to be the Commissioner of the U.S. Customs Service. I also want to thank Secretary O'Neill for the confidence and support he has shown in me throughout this process.

I look forward, by the way, Mr. Chairman, to working with the outstanding team that has been assembled by Secretary O'Neill at the Treasury Department, including Deputy Secretary-designate Ken Dam, as well as Deputy Under Secretary-designate for Enforcement, Jimmy Gurule, who I am not sure is here, but is a good friend and colleague of mine.

I come before you today as someone who has spent approximately half of my professional career in public service and about half of it in the private sector, in the private practice of law.

I certainly have had the good fortune to have served our government in a number of important posts, including that of the U.S. Attorney for the Central District of California, as well as the administrator, as you mentioned, Mr. Chairman, of the Drug Enforcement Administration. In between those two positions, by the way, I had the good fortune to serve as a U.S. District judge in Los Angeles.

I believe my background in managing DEA and the U.S. Attorney's Office has provided me with experience that should be of considerable benefit to me in leading and managing the Customs Service.

I am very excited about the prospect of heading U.S. Customs, if confirmed, an agency with an incredibly important mission to our Nation, to its people, and to its commerce.

During my career, I have worked side-by-side with the Customs Service, both as a Federal prosecutor and as the head of DEA. I can tell you, Mr. Chairman, I have been consistently and always impressed with the dedication and the commitment of the men and women of the U.S. Customs Service.

The U.S. Customs Service is, as it should be, an international leader in terms of professionalism, personnel, and technology.

In my view, the next Commissioner of Customs must emphasize both the trade and the enforcement sides of the U.S. Customs Service, and that means striking the right or appropriate balance between those two important missions of Customs.

Effective enforcement of our drug, trade, and anti-smuggling laws and protection of our borders are a principal responsibility of the U.S. Customs Service. Indeed, they are a core function of the Federal Government, a core obligation of our government.

This responsibility, however, should not overshadow Customs' very important role in facilitating trade and working with the industry to make Customs more efficient.

I believe an appropriate balance can be achieved through better identification of risk and better allocation of resources to meet those risks.

The automated commercial environment, or the ACE project, and the reforms in the way Customs does business, will also be important to achieving this balance.

I can tell you that one of my highest priorities as the Commissioner of Customs, if I am confirmed, will be the successful and timely design, implementation, and funding of the ACE project.

Other priorities, of course, will be to meet the explosive growth in international trade and the law enforcement challenges of drug trafficking, money laundering, international terrorism, counterfeit goods, and the protection of our borders.

I am very excited about the opportunity to return to public service as the head of the U.S. Customs Service and, if confirmed, I certainly look forward to working very closely with you, Mr. Chairman, with this committee, and with the Congress to meet the challenges facing Customs.

Thank you for the opportunity to make a statement. Of course, at the appropriate time I would be happy to answer any questions that the committee may have.

The CHAIRMAN. Thank you very much, Mr. Bonner. We look forward to serving with you.

Ms. Marin?

STATEMENT OF ROSARIO MARIN, TO BE TREASURER OF THE UNITED STATES, DEPARTMENT OF THE TREASURY

Ms. MARIN. Thank you, Mr. Chairman, Senator Graham. I am honored to appear before you today. President Bush has bestowed upon me a great honor by nominating me to serve as Treasurer of the United States.

If confirmed, I look forward to working closely with this committee, the Senate, and with members of the House of Representatives on issues related to the Office of the Treasurer.

I would like to express my profound appreciation for this fine Nation, where one of its immigrants can be considered for such a distinguished post as U.S. Treasurer.

Before proceeding any further, I would like to introduce the love of my life, my husband Alex, who happens to be here with me today.

The CHAIRMAN. Alex, very happy to meet you. You are the real support here, right?

Mr. MARIN. Yes.

The CHAIRMAN. All right.

Ms. MARIN. California is a little bit far, Senator.

I have been blessed by God with my parents, my brothers, and my sisters, and three beautiful children, Eric, Carmen, and Alex, who have filled my life with joy and inspiration.

I ask the committee to indulge me in a very personal and very emotional effort to try to express my deep personal gratitude to this remarkably generous country.

When I came from Mexico at age 14, I did not speak English. I was very frightened. After finishing high school, I had to work to help my family. I went to college night and, 7 years later, I graduated from California State University in Los Angeles.

I worked for two banking institutions for a total of 7 years. I was going to be named Assistant Vice President for City National Bank when, suddenly, my life changed. I gave birth to my son Eric, now a handsome young man with Down Syndrome.

Accepting that my financial career was on hold at that time, I dedicated my life to my newfound treasure, people with disabilities and their families.

If confirmed, I look forward to returning to issues relating to our Nation's money and, more specifically, having oversight of its production and safekeeping.

Mr. Chairman, I am deeply honored to be considered for the privilege to serve our Nation in this capacity. I would like to thank President Bush and Secretary O'Neill for the confidence they have shown in me, and I will work to earn your confidence.

I am of the belief that of him to whom much is given, much is expected. America has given me so much. I promise to work diligently with this committee on all matters that you may wish to raise with the Office of the Treasurer. I hope that this will be the beginning of a very fine working relationship.

Thank you for your time. I would be pleased to answer any questions.

The CHAIRMAN. Thank you, Ms. Marin. Your commitment is clear. Thank you very much, and good luck.

Mr. Huntsman?

STATEMENT OF JON HUNTSMAN, JR., TO BE DEPUTY U.S. TRADE REPRESENTATIVE, OFFICE OF THE U.S. TRADE REPRESENTATIVE

Mr. HUNTSMAN. Thank you, Chairman Baucus. Our thanks to you for having us, and also to Senator Graham for being here. My gratitude to Senator Hatch for his very kind introduction.

My family is large. They have been introduced. I will not do that again, other than to point out the love of my life as well who has stood by my side for almost 18 years, my wife Mary Kay. If she would stand for a moment.

The CHAIRMAN. How many of your children are here?

Mr. HUNTSMAN. Well, they are all here, all six of them.

The CHAIRMAN. Why do you not have them all stand?

Mr. HUNTSMAN. Well, that would be half of the hearing room.

The CHAIRMAN. That is all right.

Mr. HUNTSMAN. But go ahead and stand, kids, if you would.

The CHAIRMAN. Everybody, this is a big day.

Mr. HUNTSMAN. We have Mary Anne, Abigail, Elizabeth, Jon, and Will, and little Gracie. Stand up, kids, if you will.

The CHAIRMAN. Just, all of you stand up.

Mr. HUNTSMAN. There you go.

The CHAIRMAN. We welcome you.

Mr. HUNTSMAN. And to my father, Jon Huntsman, Sr., who is here, who has always been a most inspiring role model for me, and I know a lot of other people as well.

I am deeply honored to have been nominated by President Bush for this position of Deputy U.S. Trade Representative, and sincerely appreciate his trust and confidence.

Equally, if confirmed, I look forward to working with someone as talented and visionary as Ambassador Bob Zoellick. He has assembled a first-rate team of professionals to complement the select corps of experts at USTR. Also, if confirmed, I look forward to working with the good people here of the Finance Committee, and with others in Congress, to pursue vigorously America's trade interests.

As you know, the trade agenda is full. There is much to be done to regain our momentum in a world that is moving forward aggressively if we hope to maintain America's preeminence in global economics.

With the United States party to only 2 of 130 free trade agreements worldwide, it is crucial for America to get off the sidelines.

In getting us there, two important initiatives hold tremendous possibility for enhancing U.S. trade interests for farmers, workers, entrepreneurs, and families. The launch of the new WTO round focused on further trade liberalization, and, number two, the Free Trade Area of the Americas. Trade promotion authority is essential for both.

Frankly, the experience that I expect to draw upon most, however, beyond that which Senator Hatch was kind enough to articulate, is that which has come through witnessing first-hand the benefits of trade in a manner that cold statistics cannot capture. Economic freedoms promote and reinforce political freedoms. The linkage between free markets and free societies is now very well docu-

mented. The more we promote open markets, the more we promote democratic values in those markets.

I had the good fortune of seeing Asia and Europe early in my life, long before anyone seriously envisioned countries like Poland, Hungary, or the Czech Republic becoming members of NATO, or Bulgaria, Albania, or Moldova joining the World Trade Organization, and even before Japan, which entered the Kennedy round of trade negotiations in 1964 as a developing country proved itself as a global economic leader.

China, especially, with its pending accession to the WTO is on the path of ever-expanding economic freedoms that will promote and reinforce greater political freedoms.

As mentioned, my wife Mary Kay and I had the great joy of adopting our youngest child, Gracie Mei, from the Jiangsu Province in China. It is my great hope that the China she will come to know in her adult years will more strongly reflect that undeniable linkage between economic and political freedoms.

Mr. Chairman, if confirmed, I intend to do everything possible to pursue vigorously our trade interests in ways that promote America's values and respect its heritage.

Thank you so very much.

The CHAIRMAN. Thank you very much, Mr. Huntsman.

[The prepared statement of Mr. Huntsman appears in the appendix.]

The CHAIRMAN. Mr. Azar?

**STATEMENT OF ALEX AZAR, II, TO BE GENERAL COUNSEL,
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

Mr. AZAR. Mr. Chairman, Senator Graham, it is a great honor to appear before the Senate Finance Committee today as the President's nominee to be General Counsel of the Department of Health and Human Services. I would like to thank the President and Secretary Thompson for their confidence in me.

This is a committee of broad and far-reaching jurisdiction with responsibility for so many activities that affect all Americans. If confirmed, I hope to have the opportunity and privilege of working with the Senators and staff of this committee on both sides of the aisle.

I would like to take a short moment to introduce my wife Jennifer and our 18-month-old daughter Claire, both of whom are here today, at least until our daughter begins showing off her new-found talking abilities.

I also would like to introduce my father and stepmother, Alex and Wilma Azar. My father is an eye surgeon in rural Maryland. My mother, who is a registered nurse, was unfortunately not able to be here today.

The CHAIRMAN. Well, as many of the family that is here as possible can stand. I know it is a little difficult. I apologize. Well, good. This way everybody can recognize you. Thank you.

Mr. AZAR. My mother, who is a registered nurse, was unfortunately not able to be here today, but I am very grateful for my family's support in this.

I am honored by this opportunity to, if confirmed, return to public service. I am energized by the Secretary's goals of improving the

efficiency and effectiveness of HHS in delivering high-quality health care and other services to all Americans.

It would be a profound honor for me to lead the office's team of dedicated, hardworking, loyal, and highly skilled career attorneys for the public benefit.

I view the role of the General Counsel, not as making policy, but rather as providing those who do set policy with the best possible dispassionate, objective legal advice.

This is reflected in my priorities for the office, if confirmed, which include focusing on the responsiveness of the office to its clients and to the Congress, promoting the highest ethical standards throughout the department, recruiting and retaining the highest-quality civil service attorneys, and expanding the use of practice groups to pull together attorneys practicing in specialized areas in far-flung offices.

Again, thank you for the opportunity to present myself before the committee today and for your consideration of my nomination. I would be happy to answer any questions at the appropriate time, Mr. Chairman.

The CHAIRMAN. All right. Thank you, Mr. Azar.

[The prepared statement of Mr. Azar appears in the appendix.]

The CHAIRMAN. Ms. Rehnquist?

STATEMENT OF JANET REHNQUIST, TO BE INSPECTOR GENERAL, DEPARTMENT OF HEALTH AND HUMAN SERVICES

Ms. REHNQUIST. Thank you, Chairman Baucus, Senator Hatch. It is an honor to appear before you today as the President's nominee for Inspector General at the Department of Health and Human Services.

As a former staff counsel to the permanent Subcommittee on Investigations and a former intern for two summers during college in the Senate, one of which was for Senator Hatch's office, I can tell you I have tremendous respect for this institution.

I never in my days as a Senate staffer or as a college intern ever envisioned myself appearing before a committee as a nominee, and I can tell you it is a great honor. I thank you for the privilege of appearing before you today.

If confirmed, I look forward to working with this committee and other members of Congress as we address the important issues that face the Inspector General at the Department of Health and Human Services.

I am also very grateful for the support of my family and friends, many of whom are here today. I would like to especially thank the President and Secretary Thompson for their confidence in me and nominating me to this important position.

I believe my years of legal practice, including working in the private sector, working as an Associate Counsel to the President in the first Bush Administration, working for the permanent Subcommittee on Investigations, and most recently my work as an Assistant U.S. Attorney in the Eastern District of Virginia pursuing health care fraud cases has prepared me well to accept the enormous responsibilities of the Inspector General at HHS.

As you know, the role of the Inspector General at HHS is to detect waste, fraud, and abuse in tens literally hundreds of programs

administered by the department, programs that touch upon virtually every citizen, but particularly some of our most needy and most vulnerable citizens.

This is a vital mission. An essential underpinning of this mission is for the OIG to maintain its independence, its neutrality, and its nonpartisanship. If confirmed, I would pledge immediate attention to inquiries from Congress to ensure that there is maximum communication between the Office of Inspector General and its partners on Capitol Hill.

Thank you again for your consideration of my nomination and for the privilege of appearing before you today. At the appropriate time I would be happy to answer any questions, Senator.

The CHAIRMAN. Thank you, Ms. Rehnquist.

[The prepared statement of Ms. Rehnquist appears in the appendix.]

The CHAIRMAN. I now have three standard questions, obligatory questions, to ask each of the nominees. At the end of each question, I am going to ask each of you to indicate whether your answer is going to be yes or no.

Is there anything you are aware of in your background that might present a conflict of interest with the duties of the office to which you have been nominated? I will start, first, with Mr. Bonner?

Mr. BONNER. I know of nothing, Mr. Chairman.

The CHAIRMAN. Ms. Marin?

Ms. MARIN. No, Mr. Chairman.

Mr. HUNTSMAN. No.

Mr. AZAR. No, Mr. Chairman.

Ms. REHNQUIST. No, Mr. Chairman.

The CHAIRMAN. Thank you.

Do you know of any reason, personal or otherwise, that would in any way prevent you from fully and honorably discharging the responsibilities of the office to which you have been nominated?

Mr. BONNER. No.

Ms. MARIN. No, Mr. Chairman.

Mr. HUNTSMAN. No.

Mr. AZAR. No, Mr. Chairman.

Ms. REHNQUIST. No, Mr. Chairman.

The CHAIRMAN. Do you agree without reservation to respond to any reasonable summons to appear and testify before any duly-constituted committee of Congress, if you are confirmed?

Mr. BONNER. Yes, Mr. Chairman, I do.

Ms. MARIN. I do, Mr. Chairman.

Mr. HUNTSMAN. Yes, I do.

Mr. AZAR. Yes, Mr. Chairman.

Ms. REHNQUIST. Yes, Mr. Chairman.

The CHAIRMAN. All right.

I have got some questions. First, for you, Mr. Azar.

The Office of General Counsel has about 445 attorneys, supports 300 different programs, with a budget of about \$425 billion. It is my understanding that you have not managed any large, or small organizations, for that matter.

Following the election, you sought positions with the Department of Justice, Department of Energy, Department of Commerce, which

for one reason or another, were not available. You did not seek the position of HHS General Counsel until it was offered.

Prior to this offer, your professional career has not afforded you the opportunity to litigate health care issues. You have indicated that you will have a significant learning curve.

The question is, how can you perform given your very limited background?

Mr. AZAR. Thank you, Mr. Chairman, for giving me the opportunity to address those issues.

In terms of how I came to be considered for General Counsel for the department, I had, at the beginning of the transition, made known my interest in being General Counsel of a cabinet department.

I was asked if I would be interested in being considered for General Counsel of the Commerce Department. I was interviewed for that position, I was asked if I would be interested in being considered for General Counsel for the Energy Department and was interviewed for that position.

Then I had no preexisting connection with Secretary Thompson—Governor Thompson at the time—and I believe that the Office of Presidential Personnel, the White House Counsel's Office, others whom I have come to know through my activities on the bar here in Washington at as partner at a major national law firm, and through my experiencing clerking at the Supreme Court of the United States, though well of me and recommended me to Secretary Thompson.

I was then asked if I would be interested in applying for that position. I did, in fact, apply for that position. I then was interviewed, as is standard, and was considered for that position. I am very grateful that I was selected for it.

In terms of management, for any lawyer, I think, coming out of private practice into a General Counsel position, no lawyer really has management experience running a 400-person organization.

It would be the very rare attorney, indeed. It would require someone who already was general counsel for a Fortune 200 company, and even a lot of those organizations have extremely small legal departments.

So, management is a challenge, but I believe that my management experience in practice actually measures up with just about any attorney that would be considered for this position.

I managed very large, white-collar cases with significant teams of partners, associates, paralegals, other staff, very complex constitutional, statutory cases where I would have to work and coordinate relationships with multiple law firms representing many clients with significantly divergent interests, which is an incredible management challenge.

My philosophy of management will be to rely very heavily on the professional career attorneys there. They are a fantastic staff of attorneys, the senior managers there, the associate general counsels, the career deputy general counsel, and I really look forward to working with them.

The CHAIRMAN. Why are you interested in this job? This is not your first choice. You have no background or knowledge, to speak

of, in health care law, Medicare, Medicaid. Why do you want this job?

Mr. AZAR. Mr. Chairman, thank you for asking that. This gets to the question of my background, and lack of background in health care law. The General Counsel is not just a health care lawyer. I actually have a tremendous amount of experience in areas that are directly relevant to the job of General Counsel.

Those include administrative law, court review of agency actions, Freedom of Information Act, the Privacy Act, the civil service laws, employment rules, complex constitutional and statutory systems, government ethics, Congressional investigations and oversight, all areas I have significant experience in.

The Office of General Counsel has 375 career attorneys who are each expert in their own area of health care law. No one attorney there could pretend to be an expert in all of the many areas that you so correctly mention in the department.

The CHAIRMAN. But you still have to make judgments.

Mr. AZAR. Absolutely. That is where, with my background, having worked as a clerk at the Supreme Court of the United States, having been a Federal prosecutor, having been a partner at a major national law firm working on matters that are of utmost importance to major national corporations, to individuals in a white-collar criminal context, where their livelihoods and reputations are at stake and they are relying on me to provide judgment, counsel, advice, support, those are all talents, skills that I would hope to bring to bear to this situation. This is an incredible job. This offer is a wonderful opportunity, as an attorney, to provide that type of counsel and judgment to a cabinet Secretary.

The CHAIRMAN. What do you see as your goals? What is your vision? What do you intend to accomplish besides, when you leave, knowing a lot more about health care law? What do you want to be remembered for? What is your goal?

Mr. AZAR. Mr. Chairman, if I am lucky enough to be confirmed, when I would leave office I would hope that people would say the General Counsel's Office at the Department of Health and Human Services was the lawyer's lawyer's shop.

They had the best people, they had the brightest people. They were honest, they were objective. When they said this was the law, this was the law. That is my stock in trade, that is what I bring to the table, and I believe that is why the Secretary and President wanted me to have this position.

The CHAIRMAN. What about some of the areas in HHS where we have significant problems? Do any of those come to mind?

Mr. AZAR. Well, CMS is a continuing challenge.

The CHAIRMAN. What do you want to do with CMS? For those of you who do not know, that is the new name for HCFA. For those who want to know who HCFA is, that is the outfit that manages Medicare and Medicaid.

Mr. AZAR. CMS faces a challenge of attempting to clarify the regulatory process and CMS's regulations. I come from a medical family. I have lived for decades with the nightmare stories of then-HCFA's complex and byzantine regulations.

It is something that Administrator Scully and the Secretary are committed to trying to create regulatory simplification to make it

easier for providers, easier for doctors to understand their obligations.

The General Counsel's Office faces an incredible challenge working with the client there to help simplify that process, working with the Assistant Secretary for Planning and Evaluation who will come up with regulatory simplification initiatives.

The CHAIRMAN. I ask these questions because naming you to be General Counsel of HHS is like naming somebody who has no experience in tax law to be General Counsel to IRS. It seems like a strange fit.

Mr. AZAR. Well, Mr. Chairman, as you know, the two previous General Counsels, who served for a total of 12 years under President Bush and President Clinton, both entered the job with little or no health care experience themselves.

The CHAIRMAN. Does that make it right?

Mr. AZAR. I believe both served their country ably and they reflected the type of talent and skill set that one wants in that job, which is judgment, which is general knowledge of government operations, those areas of law that I actually have experience in from my work here in Washington.

In addition, the Secretary was not looking for an attorney who was a health care law expert. One of the problems with having a health care law expert, is that person comes in with significant baggage and loyalties to particular client bases.

I do not come in as the insurance company lawyer. I do not come in as the hospital association's lawyer. I come in to provide objective legal advice to the Secretary, to the department, and to work with you not being backed by any particular constituency, Mr. Chairman.

The CHAIRMAN. Well, my time has expired. I will have more questions.

Senator Hatch?

Senator HATCH. Thank you, Mr. Chairman.

I have been interested in the Chairman's question of you, Mr. Azar. To be honest with you, I am personally very much impressed with your knowledge and credentials, as a lawyer myself, and as somebody who has been involved in health care problems from the get-go around here.

As a matter of fact, I get maligned all the time because of the reputation of being one of the odd couple of Hatch and Kennedy who pass an awful lot of health care legislation in this body.

But I noted that you were a partner at Wiley, Rein & Fielding. You worked with Fred Fielding, former White House Counsel.

Mr. AZAR. Yes, Senator. I was his principal deputy.

Senator HATCH. Fielding is a tough guy. He knows his stuff. He would not hire anybody to be with him who did not have the ability to handle anything in the law, but especially some of these very technical, difficult areas of the law.

I might also add that you were a law clerk to Associate Justice Anthony Scalia. I know how tough he is, and I can tell you, he would not have anybody as a law clerk who could not handle any aspect of the law. He is one of the brightest people who has ever sat on the Supreme Court.

I also notice that you were a law clerk to Circuit Judge Michael Weddick. He is about as tough as they come in the Circuit Court of Appeals.

Mr. AZAR. That is right.

Senator HATCH. He is one of the brightest people and one of the shining legal stars, at least from a moderate to conservative standpoint, in the whole country.

Then Judge Alex Kozinsky. Nobody knows where he stands, but he is an equally very, very bright guy on the 9th Circuit Court of Appeals. [Laughter.] I happen to believe that you have got a lot of experience. But, even beyond that, you have worked for Judge Starr, and others.

Let me just say this. I have written my fair share of health care legislation. Let me just say that I believe that you not only have the legal ability to take any job in government, but that you have the capacity, honor, and integrity to do it well.

Again, if we need anything at HHS, it is new ideas and people who literally can think outside the box, especially since CMS is going to have to be revamped and an awful lot of what HHS oversees must be revamped.

The Chairman, Senator Grassley, I, and others are working in a very dedicated fashion on Medicare reform right now, and on prescription drug reform. I commend the Chairman for that. He does a very good job, and so does Senator Grassley.

Now, Mr. Chairman, I do not think either of us were very well prepared to be Senators when we became Senators, but I think you are a pretty good Senator. [Laughter.]

The CHAIRMAN. I think you were really very well-prepared. [Laughter.]

Senator HATCH. It is awfully nice to get a compliment.

Well, I want you to understand that, when you have somebody with this background, this capacity, this experience, then you and I should really give him a chance.

I will tell you this, I have a feeling that you will do one of the better jobs that has ever been done at HHS.

The CHAIRMAN. That is after all the tough questions we are asking.

Senator HATCH. I am personally appreciative that you asked tough questions. I was going to ask a softball question to my friend Jon Huntsman, but I think I am going to refrain.

I am very proud of you, Jon, and for your willingness to leave the private sector once again and to serve government like you are doing. It is terrific.

Janet, no question about it, you have had a distinguished career for a young woman and you will do a great job in this area.

Ms. Marin, I hear very good things about you, and Judge Bonner. There is just nobody any better for the job than you. You have some big shoes to fill, but you can do it.

So I am very pleased with this whole panel. Mr. Azar, I just want to tell you how proud I am that you are willing to leave the private sector, where I know you are treated much better than you will be treated in the public sector. [Laughter.]

Mr. AZAR. Senator, thank you for your very kind words.

Senator HATCH. And I have no doubt that you will be able to master every aspect of that job. That is one of the things that I am quite sure of because, knowing your background and knowing your knowledge of the law and your ability in that area, I expect you to perform your duties well.

As far as Mr. Huntsman, I expect him to be the best who has ever held that position. He has had a remarkable life of experience and service, and I am just very proud of him, and proud of our State, that we can produce people like this. I am proud of his family, his wife, who has to make these sacrifices with six children. That is a big job.

So I just want to thank you all for being here. I want to thank my Chairman, for whom I have inestimable respect, and who I intend to work very closely with on health care matters.

I thank him for holding these hearings and for moving all of you as quickly as possible. I hope we can get you confirmed before we adjourn for the August recess. I know the Chairman will do everything he possibly can to do so. Thanks so much, Mr. Chairman.

The CHAIRMAN. Thank you, Senator. I look forward to having you join us on our prescription drug benefit bill. I appreciate your cooperation.

Senator HATCH. Did I not start on "us attorneys?" We are a picked on bunch. [Laughter.]

The CHAIRMAN. With that, Mr. Huntsman, just your thoughts about your job. I mean, there is a lot going on. I mentioned in my statement some of the areas, you have mentioned some yourself. It is my belief that there has been a profound change in the world with the collapse of the Cold War. I was in Rio de Janeiro in 1991 at the Earth Summit and was stunned at what I saw.

Countries there no longer cared about the United States, for all intents and purposes. That is an overstatement, but there was a dramatic change. Or the former Soviet Union

The Cold War was over. It did not make much difference whether they were in the former Soviet Union camp or the United States camp. Because the Cold War was over, that was irrelevant. They began to do deals, worried about their economies. Arrangements with other countries economically, environment issues, and what-not.

The role of the USTR and Deputy USTR is becoming more and more important each passing day as we try to determine how we best protect our rights, and also begin to think through a different system, different paradigm as the world is constantly evolving and changing.

I know, for example, after the East Asian currency crisis, I think Secretaries Rubin, Summers, and Alan Greenspan, Chairman of the Federal Reserve, did a pretty good job helping to orchestrate the beginnings of a come-back with American banks and other banks worldwide.

But now, as East Asian countries are back into a kind of recession and Japan has its own set of concerns, the European Union is feeling its oats in lots of areas.

I would just tell you that I want to work very closely with you—the whole committee and the Senate work closely with you—as we try to figure out the best way, under our constitutional form of gov-

ernment, with co-equal branches of government, to find solutions to those problems. It is not going to be easy.

The same applies to all the other nominees. I mean, health care. These problems just get more complex, they do not get easier, as we try to write a prescription drug bill, as we try to deal with health insurance for those who do not have health insurance.

The list just goes on. Social Security is not directly under HHS, but it is certainly related. Customs. My gosh, we have concerns about Customs. They just keep mounting up. With your background, Mr. Bonner, I am quite certain you will do a terrific job.

Essentially, I wish you all very good luck. These are not easy assignments. Someone once said, and I think it is basically true, that the most noble of human endeavors is service. It is service to church, to family, to community, State, and Nation. It is service.

I commend all five of you for wanting to take time out of your lives to serve, and to your families. It is a huge commitment that all of you are making together for our country.

Too few people recognize how hard you work and how much you are dedicating yourself, and the sacrifice that you are committing. But you are. Those of us who work with you know it.

We stand ready to work with you as we work together to solve these problems. You have an open door with this committee, totally open. Give us a call. I know I will have the same with each of you. I wish you very, very good luck.

The hearing is adjourned.

[Whereupon, at 11:04 a.m., the hearing was concluded.]

APPENDIX

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

PREPARED STATEMENT OF ALEX M. AZAR II

Mr. Chairman, Senator Grassley, and Members of the Committee, it is a great honor to appear before the Senate Finance Committee today as the President's nominee to be General Counsel of the Department of Health and Human Services (HHS). I would like to thank the President and Secretary Thompson for their confidence in me.

This is a Committee of broad and far-reaching jurisdiction, with responsibility for so many activities that affect all Americans. It is also a Committee that is well-known for its tradition of working together to formulate historic legislation. I hope to have the opportunity and privilege of working with the Senators and staff of this Committee on both sides of the aisle.

I would like to take a short moment to introduce my wife, Jennifer, and our 18-month old daughter Claire, both of whom are here today, at least until our daughter begins showing off her new-found talking abilities. I also would like to introduce my father and step-mother. My father is an eye surgeon in rural Maryland and was kind enough to reschedule his patients to be here with me today. My mother, who is a registered nurse, was unfortunately not able to be here today because my grandmother had to be hospitalized at the end of last week. I am very grateful for my family's support.

I attach great importance to public service and have devoted almost half of my professional career to serving as a federal government attorney. I am honored by this opportunity to return to public service. I am energized by the Secretary's goals of improving the efficiency and effectiveness of HHS in delivering high-quality health care and other services to all Americans. My goal would be to ensure that the Office of the General Counsel provides the best possible legal advice to assist in the accomplishment of that critical mission.

The Office of the General Counsel at HHS has one of the most diverse and challenging legal portfolios of any legal office in the federal government. The legal issues range from technical program rules to a broad range of general legal issues facing every federal agency, such as administrative law, personnel and employment law, ethics, and information access. In addition to the legal issues, the General Counsel is responsible for the management of approximately 375 attorneys and 100 additional staff. The Office of the General Counsel has employees in eighteen locations spread across the United States. It would be a profound honor for me to be able to lead this team of dedicated, hard-working, loyal, and highly-skilled career attorneys for the public benefit.

I view the role of the General Counsel not as making policy, but rather as providing those who do set policy with the best possible dispassionate, objective legal advice. This is reflected in my priorities for the Office if confirmed. First, the responsiveness of the Office of the General Counsel to its clients within the Department and to the Congress would be a central priority of mine. Clients must secure timely, accurate, and objective legal advice, and the Congress must know that the Office of the General Counsel is responsive to its needs and concerns. Second, I would work to promote the highest ethical standards throughout the Department. I have experience as an attorney in the important field of government ethics, and I would work with the Designated Agency Ethics Officer, who is an Associate General Counsel, to keep ethics education and counseling as a top priority. Third, I would devote my time and energy to the critical mission of recruiting and retaining the highest quality civil service attorneys possible. I believe the General Counsel's Office can and should be able to continue to recruit a diverse pool of the best and brightest attorneys available. Finally, I would like to continue and expand the existing use of practice groups, which bring together attorneys in different offices and divisions who are rendering advice and litigating in particular specialized areas. Through the use of practice groups, attorneys who are dealing with matters involving fields such as provider bankruptcies and nursing home quality of care enforcement can compare best practices and ensure consistency among the Office's many components.

I believe that my professional training has prepared me well for the challenges of this office. Up until my nomination for the position of General Counsel, the greatest professional honor I had was serving as a law clerk at the Supreme Court of the United States after my graduation from Yale Law School over ten years ago. My career has included both government service and extensive private practice experience. Most recently, I was a partner at the Washington, D.C., law firm of Wiley, Rein & Fielding. I had the privilege of practicing at that firm for over four and a half years, during which time I worked with and learned from some of the premier attorneys in the country.

As a general litigator and counselor, my law practice has been varied and has included supervising legal and other personnel in handling a wide range of legal problems. The diversity of my law practice is similar to the breadth of law practiced in the Office of the General Counsel and in fact has overlapped in several critical areas. I have litigated and counseled on a broad range of complex federal constitutional, statutory, and regulatory issues, in areas as varied as federal tort law, the federal criminal code, judicial review of federal agency actions, government ethics regulations, the Freedom of Information Act and the Privacy Act, regulations on government contractors, congressional investigations and oversight, and civil service laws, to name a few. I would hope to bring my experience in these and other areas to bear if confirmed as General Counsel.

Again, thank you for the opportunity to present myself before you today and for your consideration of my nomination. I would be happy to answer any questions you may have.

**SENATE FINANCE COMMITTEE
STATEMENT OF INFORMATION REQUESTED OF NOMINEE**

1. Name: (Include any former names used.)
Alex Michael Azar II
2. Position to which nominated:
General Counsel, Department of Health and Human Services
3. Date of nomination:
June 7, 2001
4. Address: (List current residence, office, and mailing addresses.)

Residence:
7505 Bybrook Lane
Chevy Chase, MD 20815

Office:
Wiley, Rein & Fielding
1776 K Street, N.W.
Washington, D.C. 20006
5. Date and place of birth:
June 17, 1967, Johnstown, Pennsylvania
6. Marital status: (Include maiden name of wife or husband's name.)
Married to Jennifer Reist Azar, maiden name: Jennifer Hope Reist
7. Names and ages of children:
Claire Elizabeth Azar, 1 year old
8. Education: (List secondary and higher education institutions, dates attended, degree received, and date degree granted.)

Parkside High School, September 1981-June 1984, High School Diploma, June 1985
(diploma received after completing required English course in first year of college
because senior year of high school was skipped to attend college)
Dartmouth College, September 1984-June 1988, A.B., June 1988
Middlebury College Summer School of Arabic, June 1985-August 1985, no degree
granted (course credit granted by Dartmouth College)

Yale Law School, September 1988-June 1991, J.D., June 1991

9. Employment record: (List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment.)

Associate, then Partner since January 1999, Wiley, Rein & Fielding, Washington, DC, October 1996-present
 Associate Independent Counsel, Office of the Independent Counsel, Washington, DC, October 1994-September 1996
 Associate, Kirkland & Ellis, Washington, DC, October 1993-October 1994
 Law Clerk to Associate Justice Antonin Scalia, Supreme Court of the United States, Washington, DC, July 1992-July 1993.
 Law Clerk to Circuit Judge J. Michael Luttig, U.S. Court of Appeals for the Fourth Circuit, McLean, VA, October 1991-June 1992
 Law Clerk to Circuit Judge Alex Kozinski, U.S. Court of Appeals for the Ninth Circuit, Pasadena, CA, July 1991-August 1991
 Summer Associate, Steptoe & Johnson, Washington, DC, June 1991-June 1991
 Summer Associate, Sullivan & Cromwell, New York, NY, July 1990-August 1990
 Summer Associate, Steptoe & Johnson, Washington, DC, June 1990-July 1990
 Volunteer Extern to Circuit Judge Alex Kozinski, U.S. Court of Appeals for the Ninth Circuit, Pasadena, CA, June 1989-August 1989

10. Government experience: (List any advisory, consultative, honorary, or other part-time service or positions with Federal, State or local governments, other than those listed above.)

Volunteer Intern, Health & Income Maintenance Division, Office of Management and Budget, Washington, DC, March 1986-June 1986

11. Business relationships: (List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, other business enterprise, or educational or other institution.)

Partner, Wiley, Rein & Fielding, Washington, DC (will resign upon appointment)
 Member of the Parish Council, Saints Peter and Paul Antiochian Orthodox Church, Potomac, MD
 Chairman-elect of the Federalism and Separation of Powers Practice Group of the Federalist Society, Washington, DC (will resign position upon appointment)
 Chairman of the Lawyers' Council of the Becket Fund for Religious Liberty, Washington, DC (will resign position upon appointment)

12. Memberships: (List all memberships and offices held in professional, fraternal, scholarly, civic, business, charitable, and other organizations.)

Bar of the Supreme Court of the United States

Bar of the Court of Appeals of Maryland
 Bar of the District of Columbia Court of Appeals
 Bar of the U.S. Court of Appeals for the District of Columbia Circuit
 Bar of the U.S. Court of Appeals for the Fourth Circuit
 Bar of the U.S. District Court for the District of Maryland
 Bar of the U.S. District Court for the District of Columbia
 Maryland State Bar Association
 American Bar Association
 Member, Tenth Reunion Gift Committee, Yale Law School Class of 1991
 Member, Mory's Association (Yale University affiliated dining club)
 Member, Republican National Lawyers Association
 Member of the Parish Council, Saints Peter and Paul Antiochian Orthodox Church,
 Potomac, MD
 Chairman-elect of the Federalism and Separation of Powers Practice Group of the
 Federalist Society, Washington, DC
 Chairman of the Lawyers' Council of the Becket Fund for Religious Liberty,
 Washington, DC
 Summer member, Rock Creek Pool, Inc.

13. Political affiliations and activities:

- a. List all public offices for which you have been a candidate.

None

- b. List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

Deputy to National Co-Chairman Richard E. Wiley, Lawyers for Bush-Cheney
 2000
 Vice Chairman of Maryland Lawyers for Bush-Cheney 2000
 Volunteer counsel to the Credentials Committee of the Republican National
 Convention 2000
 Member of the Convention Advisory Team-Flow Management Team for the
 Republican National Convention 2000
 Attorney, Bush-Cheney Recount Committee
 Member, Republican National Lawyers Association
 Member, Hi-Tech Advisory Group for Ellen Sauerbrey for Governor 1998
 Fundraising for Bush for President 2000
 Fundraising for RNC Victory 2000
 Fundraising for George Allen for Senate 2000
 Fundraising for Spencer Abraham for Senate 2000
 Fundraising for Ellen Sauerbrey for Governor 1998

- c. Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more for the past 10 years.

7/10/92	Republican Presidential Legion of Merit	\$60.00
9/7/92	Richard Cordray for Congress	\$100.00
1/11/94	Spencer Abraham for Senate	\$100.00
2/24/94	David McIntosh for Congress	\$125.00
10/28/98	Ellen Sauerbrey for Governor Campaign Committee	\$250.00
4/1/99	George Allen Exploratory Committee	\$100.00
6/2/99	Gov. George W. Bush Exploratory Committee	\$1000.00
10/5/00	Spencer Abraham for Senate 2000	\$500.00
3/28/01	George Radanovich for Congress (contribution through Wiley, Rein & Fielding partnership attributed to me)	\$50.00

14. Honors and Awards: (List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals, and any other special recognitions for outstanding service or achievement.)

Phi Beta Kappa Society, Dartmouth College
 Nelson A. Rockefeller Memorial Fellowship for "Honors thesis of such scholarly merit that it shows promise of publication," Dartmouth College
 Colby Government Prize for "excellence in the Government major," Dartmouth College
 Rockefeller Prize in Comparative Politics for "outstanding thesis in the field of comparative politics," Dartmouth College
 Rockefeller Public Service Internship Grant, Dartmouth College
 High Honors Rufus Choate Scholar, Dartmouth College
 Saint Peter's Church Van der Bogart Scholar, Salisbury, MD
 Special Achievement Award, Office of the Independent Counsel

15. Published writings: (List the titles, publishers, and dates of all books, articles, reports, or other published materials you have written.)

Note, FIRREA: Controlling Savings and Loan Association Credit Risk Through Capital Standards and Asset Restrictions, 100 Yale L.J. 149 (1990)
 The Appellate Corner, Criminal Law and Procedure News of The Federalist Society Criminal Law and Procedure Practice Group (Fall 1996, Spring 1997, Fall 1997, Winter 1998, Spring 1999) (a regular column discussing appellate court developments in the field of criminal law and procedure)
 Recommended Reading: Antonin Scalia's A Matter of Interpretation: Federal Courts and the Law, the Federalist Paper (May 1997) (book review)

16. Speeches: (List all formal speeches you have delivered during the past five years which are on topics relevant to the position for which you have been nominated. Provide the Committee with two copies of each formal speech.)

None

17. Qualifications: (State what, in your opinion, qualifies you to serve in the position to which you have been nominated.)

I have a strong personal interest in the issues and programs that concern the Department of Health and Human Services. I am committed to assisting the Secretary in his mission of enhancing access to and the quality of health care in America. My interest is derived in part from the fact that I come from a medical family: my father is an ophthalmologist, and my mother is a registered nurse in an ophthalmic practice. It is also derived from the impact that improving the efficiency, quality, and availability of health care resources can have on the quality of life for all Americans. I hope that my education, past work experiences, and legal training would enable me to assist the Secretary and the Department in this regard. In law school and while clerking at the U.S. Court of Appeals for the Fourth Circuit and at the Supreme Court of the United States, I learned the value to be derived from objective, thoroughly researched legal analysis. In those experiences and in my subsequent practice of the law, I have gained experience analyzing complex legal questions that arise from, and relate to, public policy matters. As an attorney at, and partner of, a national law firm, I have counseled and advised corporations and individuals on a wide variety of matters of significant import, involving complex regulatory and statutory systems, and often involving important public relations aspects. Because of my private law practice experience, I understand the value an attorney can provide to clients by rendering independent legal advice that is the product of careful research and objective analysis. Should I be fortunate enough to be confirmed for this position, I would try to bring my experiences and training to bear on my performance in that office.

B. FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, associations, or organizations if you are confirmed by the Senate? If not, provide details.

I plan to resign my partnership with Wiley, Rein & Fielding prior to commencing service with the Government. I plan to roll over my Wiley, Rein & Fielding 401(k), Wiley, Rein & Fielding Money Purchase Retirement Plan, and Wiley, Rein & Fielding Money Purchase Retirement Plan Self Directed Account into my Rollover IRA. Approximately \$974.95 in employer contributions in the Wiley, Rein & Fielding 401(k) Plan remain unvested subject to a 5-year (20% per year) vesting schedule. This amount will be forfeited if I do not return to work at Wiley, Rein & Fielding within 5 years from the date of my resignation from the firm.

I also plan to resign my positions as Chairman-elect of the Federalism and Separation of Powers Practice Group of the Federalist Society for Law and Public Policy and my position as Chairman of the Lawyers' Council of the Becket Fund for Religious Liberty.

I plan to remain a member of the Parish Council of my Church, Saints Peter and Paul Antiochian Orthodox Church, a member of the various bar and professional-related organizations of which I am currently a member, and a member of the Mory's Association at Yale University.

2. Do you have any plans, commitments, or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, provide details.

No

3. Has any person or entity made a commitment or agreement to employ your services in any capacity after you leave government service? If so, provide details.

No

4. If you are confirmed by the Senate, do you expect to serve out your full term or until the next Presidential election, whichever is applicable? If not, explain.

Yes

C. POTENTIAL CONFLICTS OF INTEREST

1. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

My father is an ophthalmologist and my mother is a registered nurse working with a separate ophthalmic practice. I will follow the advice of the Department's Designated Agency Ethics Officer in dealing with any potential conflicts that might exist because of these relationships. I will also comply with the ethics agreement set forth by the Department's ethics officer and will follow the advice of the Department's ethics officer in dealing with any potential conflicts that might arise.

2. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

Other than as described above in response to question 1, I do not believe there are any such potential conflicts of interest, but I will follow the advice of the Department's Designated Agency Ethics Officer should such potential conflicts arise.

3. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any legislation or affecting the administration and execution of law or public policy. Activities performed as an employee of the Federal government need not be listed.

I have not acted as a lobbyist in any matter. I have, however, represented clients in connection with criminal and civil investigations, proceedings, and litigation involving the government and in connection with congressional investigations.

4. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Provide the Committee with two copies of any trust or other agreements.)

I will follow the advice of the Department's Designated Agency Ethics Officer regarding any potential conflicts of interest.

5. Two copies of written opinions should be provided directly to the Committee by the designated agency ethics officer of the agency to which you have been nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position.

6. The following information is to be provided only by nominees to the positions of United States Trade Representative and Deputy United States Trade Representative:

Have you ever represented, advised, or otherwise aided a foreign government or a foreign political organization with respect to any international trade matter? If so, provide the name of the foreign entity, a description of the work performed (including any work you supervised), the time frame of the work (e.g., March to December 1995), and the number of hours spent on the representation.

Not applicable

D. LEGAL AND OTHER MATTERS

1. Have you ever been the subject of a complaint or been investigated, disciplined, or otherwise cited for a breach of ethics for unprofessional conduct before any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

No

2. Have you ever been investigated, arrested, charged, or held by any Federal, State, or other law enforcement authority for a violation of any Federal, State, county or municipal law, regulation, or ordinance, other than a minor traffic offense? If so, provide details.

No

3. Have you ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

No

4. Have you ever been convicted (including pleas of guilty or *nolo contendere*) of any criminal violation other than a minor traffic offense? If so, provide details.

No

5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

None

E. TESTIFYING BEFORE CONGRESS

1. If you are confirmed by the Senate, are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be reasonably requested to do so?

Yes

2. If you are confirmed by the Senate, are you willing to provide such information as is requested by such committees?

Yes

August 1, 2001

The Honorable Max Baucus
Chairman, Committee on Finance
United States Senate
Washington, DC 20510-6200

Dear Mr. Chairman:

Thank you for giving me the opportunity to address the following written questions that you submitted for the record:

1. As General Counsel would you advise the Secretary to work with Members of Congress to adopt a plan to seek non-controversial ways to expand pre-natal coverage to low income women rather than endorsing a proposal that raises constitutional questions and could face legal challenges?

I know that the Secretary is committed to working with the Finance Committee and the Congress to find bipartisan solutions to expanding access to health care for the most needy Americans. If confirmed as General Counsel and if asked for my legal views regarding this or any other issue, I would work closely with the career attorneys in the Office of the General Counsel to provide the Secretary with the most thoroughly researched, objective, dispassionate legal advice possible. I would also welcome the opportunity to work with you, your staff, and other Members of Congress to learn of your legal concerns regarding any matter and would ensure that those concerns are given great respect and are incorporated into the legal analysis.

2. What assurances can you provide that you will work cooperatively with members of the Finance Committee and their staffs?

As I mentioned in my opening statement before the Committee, should I be confirmed, I would be committed to working closely with the Senators and staff of the Finance Committee on both sides of the aisle. I also stressed that a high priority as General Counsel would be to ensure the responsiveness of the Office of the General Counsel to the needs and concerns of Congress. In my meeting with the majority staff, I emphasized that should I be confirmed, my door would always be open to the staff of the Committee and I would always be willing to come meet with the Committee and its staff because I attach great importance to having a good and productive working relationship with the Committee and the Congress. I have great respect for the role of this Committee and its Chairman in overseeing the operations of the Department and the important health care programs with which it is entrusted. The Committee, its staff, and the Chairman

The Honorable Max Baucus
August 1, 2001
Page 2

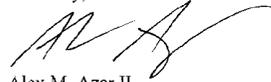
have great expertise in these matters that can only help the Department and the Office of the General Counsel better fulfill their duties. Thus, I agree with the Chairman that a close working relationship between the Office of the General Counsel and the Congress is essential.

3. What assurances can you provide that you will promptly respond to questions and provide the legal basis for HHS decisions?

As you know, the Secretary has established as a top priority the timely responsiveness of the entire Department to congressional inquiries and requests. As I mentioned in my opening statement, I share his commitment to providing prompt responses to questions from Members of Congress, Committees, and their staff. If I am confirmed as General Counsel, I will work with the Finance Committee and its staff to ensure that they understand the legal basis for departmental decisions. I also would look forward to working closely with the Committee and its staff when needs for additional statutory authority are identified that would further the Department's critical mission of efficiently and effectively providing high-quality health care and other services to all Americans.

Thank you again for providing me with this opportunity to respond to your questions.

Sincerely,



Alex M. Azar II

cc: Mr. Bob Merulla

August 1, 2001

The Honorable Charles E. Grassley
Committee on Finance
United States Senate
Washington, DC 20510-6200

Dear Senator Grassley:

Thank you for giving me the opportunity to address the following written question that you submitted for the record:

1. Do you agree with the Senate Legal Counsel that a request for data or information from the ranking member of a Senate Committee cannot be denied because of the Privacy Act?

I have great respect for the oversight role of Congress and its Committees. As Chairman and then as Ranking Member of the Finance Committee, you have been a leader in enhancing the performance of the Department. It is my personal view that any request for information from the Ranking Member should be treated with seriousness and respect. Accordingly, I must say that I was extremely disappointed to learn for the first time yesterday that an important request from you had not been treated in this manner. That is, in my opinion, unacceptable. It is my understanding that the Department is taking immediate steps to correct this situation and to provide you with the information you requested as expeditiously as possible.

As a nominee, I am prohibited under the terms of the Administration's agreement with the Senate, see Memorandum from Andrew H. Card to Cabinet Members and Agency Heads (Jan. 26, 2001), from in any way speaking for the Department. In any event, I can assure you that should I be confirmed as General Counsel, I would work closely with you and your staff, the Senate Legal Counsel, OMB, and the Justice Department, which is responsible for defending HHS in the event of a lawsuit alleging a violation of the Privacy Act, to ensure that you receive the information you need to carry out your duties as Ranking Member of this important Committee. It is my view that the Department should work with the Committee, which has such a commendable tradition of bipartisan legislative and oversight activities, to achieve a solution enabling the Ranking Member to have all the information he requires. Moreover, I would hope that such issues would rarely if ever arise given the limited scope of the Privacy Act's protections. For instance, I have been informed that the Department has determined that the information you requested from the Health Resources & Services Administration is

The Honorable Charles E. Grassley
August 1, 2001
Page 2

not protected by the Privacy Act and is being prepared for the most expeditious possible production to you.

Thank you again for providing me with this opportunity to respond to your question.

Sincerely,

A handwritten signature in black ink, appearing to read 'Alex M. Azar II', written in a cursive style.

Alex M. Azar II

cc: Mr. Bob Merulla

Embargoed Until 10:00 a.m.
July 31, 2001

**STATEMENT OF ROBERT C. BONNER
NOMINEE FOR COMMISSIONER OF THE U.S. CUSTOMS SERVICE
BEFORE THE COMMITTEE ON FINANCE
UNITED STATES SENATE**

Chairman Baucus, Senator Grassley, and members of the Committee, I am delighted to appear before you today to discuss my nomination to be the Commissioner of the United States Customs Service.

Before I begin my statement, I would like to acknowledge and introduce my wife, Kimiko. Without her love and her unwavering support and assistance throughout my career, I can assure you that I would not be here today. I also am delighted that my daughter, Justine Bonner, the light of my life, could be here today. Justine is doing important public service in her own right. She is a schoolteacher, teaching American History to eighth graders in New York City at an alternative school in lower Manhattan.

I want to express my appreciation to President Bush for nominating me to head the United States Customs Service. I also want to thank Secretary O'Neill for his support and confidence in me. I look forward to working with the outstanding team he has assembled at the Treasury Department, including the Deputy Secretary-Designate Ken Dam and the Under Secretary for Enforcement-Designate Jimmy Gurulé.

I come before you today as someone who has spent one-half of my 35-year professional career in public service, and one-half in the private sector – in the private practice of the law. I have had the good fortune to serve our government in a number of important posts, including over five years as the United States Attorney for the Central District of California, managing and heading the second largest U.S. Attorney's Office in the country. For nearly three and one-half years, I was the Administrator of the Drug Enforcement Administration (DEA). In between these two positions, I served as a United States District Judge in Los Angeles. My experience managing the DEA and the United States Attorney's Office has provided me with experience that will be of considerable benefit to me in leading Customs.

I am enthused about the prospect of heading the U.S. Customs Service, an agency with a mission of great importance to our nation, its people, and its commerce. During my career, I have worked side-by-side with the Customs Service, both as a federal prosecutor and as the DEA Administrator. The dedication and commitment of the men and women of the U.S. Customs Service have consistently impressed me. Indeed, the United States Customs Service is, and should be, an international leader in terms of professionalism, personnel and technology.

In my view, the next Commissioner of Customs must emphasize both the trade and the enforcement sides of the Customs Service, and this means striking the right balance between these two important missions of Customs. Effective enforcement of our drug, trade, and anti-smuggling laws and protection of our borders are, of course, a fundamental obligation of Customs – and, indeed, they are a core governmental responsibility of the federal government. This responsibility must not overshadow Customs' important role in facilitating trade and working with the trade industry to make Customs more efficient.

I believe an appropriate balance can be achieved through better identification of risks and better allocation of resources to meet those risks. Automated Commercial Environment (ACE) and reforms of the ways that Customs does business will also be important to achieving this balance. One of my highest priorities as Commissioner will be the successful and timely design, implementation and funding of ACE. Other priorities will be to meet the explosive growth in international trade as well as the law enforcement challenges of drug trafficking, money laundering, international terrorism, counterfeit goods, cybercrime and protection of our borders.

I am excited about the opportunity to return to public service as the head of United States Customs Service, and, if confirmed, I look forward to working closely with the members of this Committee and Congress to meet the challenges facing Customs.

Thank you. I would be happy to answer any questions you might have.

**SENATE FINANCE COMMITTEE
STATEMENT OF INFORMATION REQUESTED OF NOMINEE**

A. BIOGRAPHICAL INFORMATION

1. Name: (Include any former names used.)
Robert Cleve Bonner
2. Position to which nominated:
Commissioner, U.S. Customs Service
3. Date of nomination: *June 25, 2001*
4. Address: (List current residence, office, and mailing addresses.)
595 Covington Place Pasadena, CA 91105 *Gibson, Dunn & Crutcher
333 South Grand Avenue, 45th Floor
Los Angeles, CA 90071*
5. Date and place of birth:
January 29, 1942, Wichita, Kansas
6. Marital status: (include maiden name of wife or husband's name.)
Married Spouse: Kimiko Bonner, nee Tanaka
7. Names and ages of children:
Daughter: Justine Mitsuko Bonner, age 30
8. Education: (List secondary and higher education institutions, dates attended, degree received, and date degree granted.)

<i>Georgetown Univ.</i>	<i>9/63-6/66</i>	<i>J.D.</i>	<i>6/66</i>
<i>Univ. of Maryland</i>	<i>9/61-6/63</i>	<i>B.A.</i>	<i>6/63</i>
<i>Wichita State Univ.</i>	<i>9/59-6/61</i>	<i>--</i>	<i>--</i>
<i>Kemper Military School</i>	<i>1957-59</i>	<i>H.S.</i>	<i>6/59</i>
<i>Wichita H.S. East</i>	<i>1956-57</i>	<i>--</i>	<i>--</i>

9. Employment record: (List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment.)

<i>Gibson, Dunn & Crutcher</i>	<i>Partner</i>	<i>333 S. Grand Ave. Los Angeles, CA 90071</i>	<i>12/93- present</i>
<i>Drug Enforcement Administration</i>	<i>Administrator</i>	<i>700 Army Navy Dr. Arlington, VA 22022</i>	<i>8/90-10/93</i>
<i>U.S. Courts</i>	<i>U.S. District Judge</i>	<i>312 N. Spring St. Los Angeles, CA 90012</i>	<i>5/89-8/90</i>
<i>U.S. Attorney's Office, Central District of California</i>	<i>United States Attorney</i>	<i>312 N. Spring St. Los Angeles, CA 90012</i>	<i>2/84-5/89</i>
<i>Kadison, Pfaelzer, Woodard, Quinn & Rossi</i>	<i>Partner</i>	<i>707 Wilshire Blvd. Los Angeles, CA 90017</i>	<i>10/75-2/84</i>
<i>U.S. Attorney's Office, Central District of California</i>	<i>Assistant U.S. Attorney</i>	<i>312 N. Spring St. Los Angeles, CA 90012</i>	<i>3/71-10/75</i>
<i>U.S. Navy</i>	<i>Lt. j.g. and Lt., JAGC</i>	<i>Various duty stations</i>	<i>10/67-1/71</i>
<i>U.S. Courts</i>	<i>Law Clerk to Federal Judge</i>	<i>312 N. Spring St. Los Angeles, CA 90012</i>	<i>8/66-9/67</i>

10. Government experience: (List any advisory, consultative, honorary, or other part-time service or positions with Federal, State or local governments, other than those listed above.)

*California Commission on Judicial Performance
Member 1995-99
Chairperson 1997-99*

11. Business relationships: (List all positions held [for the past 10 years] as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, other business enterprise, or educational or other institution.)

None, other than as indicated in response to Questions 9 and 12.

12. Memberships: (List all memberships and offices held in professional, fraternal, scholarly, civic, business, charitable, and other organizations.)

Member, Board of Directors, Los Angeles Area Chamber of Commerce
Member, Board of Governors, TownHall Los Angeles
Fellow, American College of Trial Lawyers
Member, American Bar Association--
Co-Chair, Antitrust Subcommittee of White Collar Committee
Member, California Club
Former Member, Board of Directors, International Association of Chiefs of Police (1990-93)
Former Member, Board of Directors, Day One (1993-96)
Former Member, Board of Trustees, Kemper Military School (1994-98)

13. Political affiliations and activities:

- a. List all public offices for which you have been a candidate.

None.

- b. List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

None. However, I served as co-chair of California Lawyers for Bush-Cheney.

- c. Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more for the past 10 years.

<i>Campaign/Political Party</i>	<i>Amount</i>
<i>Jim Hahn for Mayor</i>	<i>\$2,000</i>
<i>RNC Presidential Trust</i>	<i>\$1,000</i>
<i>Gov. George W. Bush Presidential Exploratory Committee</i>	<i>\$1,000</i>
<i>California Republican Party</i>	<i>\$1,700</i>
<i>Steve Cooley for D.A.</i>	<i>\$1,350</i>
<i>Jeff Sessions for Senate</i>	<i>\$ 500</i>
<i>Jim Rogan Campaign Committee</i>	<i>\$ 700</i>
<i>Campaign to Elect John Ladner</i>	<i>\$ 250</i>
<i>Friends of Steve Madison (Pasadena City Council)</i>	<i>\$ 250</i>
<i>Friends of Rudy Giuliani</i>	<i>\$1,000</i>
<i>Gil Garcetti 2000</i>	<i>\$ 250</i>
<i>Friends of Robert Shannon (Long Beach City Attorney)</i>	<i>\$ 150</i>
<i>Lungren for Governor</i>	<i>\$2,000</i>
<i>Matt Fong for U.S. Senate</i>	<i>\$2,000</i>
<i>Quackenbush Re-election Committee</i>	<i>\$1,250</i>
<i>Keating for Governor</i>	<i>\$ 500</i>
<i>Riordan for Mayor</i>	<i>\$ 500</i>
<i>Dole for President</i>	<i>\$2,000</i>
<i>Gov. Pete Wilson Committee</i>	<i>\$2,500</i>
<i>Friends of Mike Antonovich</i>	<i>\$ 250</i>
<i>Friends of Newt Gingrich</i>	<i>\$ 500</i>

14. Honors and Awards: (List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals, and any other special recognitions for outstanding service or achievement.)

Edmond Randolph Award for distinguished service to the U.S. Department of Justice; Fellow, American College of Trial Lawyers

15. Published writings: (List the titles, publishers, and dates of all books, articles, reports, or other published materials you have written.)

"The Perils and Pitfalls of Government Contracting in the U.S.", ILS Publications, March 2000.

"Unfair Practices and Unfair Competition: The Impact of Cel-Tech Communications, Inc. v. Los Angeles Cellular Tel. Co.", Civil Litigation Reporter, June 1999.

"The Buy American Act and the Trade Agreements Act", Asia Law Supplement, 1997.

"Accountants and Attorneys Teaming Up to Ferret Out Fraud", The Witness Chair, Spring 1997.

"The Limitations of Drug Treatment", Washington Times, March 10, 1994.

"Wanted: A National Drug Strategy", Wall Street Journal, December 2, 1993.

"From Cold War to Drug War", World Statesman, Vol. 1, No. 4, Autumn 1993.

"Fighting the Good Fight Against Drugs", Los Angeles Times, June 12, 1988.

"Corporate Criminal Liability: Can Anything Be Done to Reduce Your Company's Exposure?", Los Angeles County Bar Assn.'s Corporate Law Department Section Newsletter, April 1988, Vol. 14, No. 2.

"A Balanced Perspective on Attorney Subpoenas", Emory Law Journal, Volume 36, Summer 1987, No. 3.

16. Speeches: (List all formal speeches you have delivered during the past five years which are on topics relevant to the position for which you have been nominated. Provide the Committee with two copies of each formal speech.)

None.

17. Qualifications: (State what, in your opinion, qualifies you to serve in the position to which you have been nominated.)

My background managing and leading a federal law enforcement and regulatory agency (DEA) as well as working closely with Customs in various capacities.

B. FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, associations, or organizations if you are confirmed by the Senate? If not, provide details.

Yes, except that, as a retired partner, I will receive payments under the Gibson, Dunn & Crutcher defined benefit retirement plan, and I will leave my interests in the firm's Keogh Plan. These funds are invested in widely-held, diversified mutual funds.

2. Do you have any plans, commitments, or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, provide details.

No.

3. Has any person or entity made a commitment or agreement to employ your services in any capacity after you leave government service? If so, provide details.

No.

4. If you are confirmed by the Senate, do you expect to serve out your full term or until the next Presidential election, whichever is applicable? If not, explain.

Yes.

C. POTENTIAL CONFLICTS OF INTEREST

1. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

I know of none.

2. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

I know of no such relationship, dealing or transaction that could result in a conflict of interest. I will consult with ethics counsel should any such issue arise.

3. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any legislation or affecting the administration and execution of law or public policy. Activities performed as an employee of the Federal government need not be listed.

None.

4. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Provide the Committee with **two** copies of any trust or other agreements.)

If I were in such a position, I would immediately recuse myself from the matter and seek the advice of ethics counsel. I would take any action(s) that they deemed appropriate.

5. Two copies of written opinions should be provided directly to the Committee by the designated agency ethics officer of the agency to which you have been nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position.
6. The following information is to be provided only by nominees to the positions of United States Trade Representative and Deputy United States Trade Representative:

Have you ever represented, advised, or otherwise aided a foreign government or a foreign political organization with respect to any international trade matter? If so, provide the name of the foreign entity, a description of the work performed (including any work you supervised), the time frame of the work (e.g., March to December 1995), and the number of hours spent on the representation.

D. LEGAL AND OTHER MATTERS

1. Have you ever been the subject of a complaint or been investigated, disciplined, or otherwise cited for a breach of ethics for unprofessional conduct before any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

No.

2. Have you ever been investigated, arrested, charged, or held by any Federal, State, or other law enforcement authority for a violation of any Federal, State, county or municipal law, regulation, or ordinance, other than a minor traffic offense? If so, provide details.

No.

3. Have you ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

I was named in my official capacity as a government official in several civil lawsuits. To the best of my knowledge, these suits were utterly devoid of merit. I have always requested and been granted representation by the U.S. Department of Justice in these cases. To the best of my knowledge, all such suits have been dismissed. I do not track these lawsuits; therefore, if further information is desired, I suggest that you contact the Department of Justice or Chief Counsel of the DEA.

In addition, my firm and I were named by a former client, William E. Cooper, in a civil suit arising from Mr. Cooper's bankruptcy petition filed in the U.S. Bankruptcy Court for the District of Colorado. See In Re William E. Cooper, Bankruptcy No. 89-13346 and William E. Cooper v. Gibson, Dunn & Crutcher, L.L.P., et al., Adversary No. 98-1569 DEC, an adversary proceeding related to Cooper's bankruptcy petition.

By way of background, in 1994, I and my law firm represented Mr. Cooper who was charged with heading an investment fraud scheme resulting in losses to investors of approximately \$70 million. On my advice, Mr. Cooper pleaded guilty under a plea agreement that capped his sentence at no more than 10 years imprisonment, which was the sentence imposed by the federal court.

My firm held a \$35,000 retainer. Pursuant to court order, the firm remitted this sum to the individual appointed by the court to make restitution to the victims of Mr. Cooper's fraud. Cooper in his bankruptcy litigation claimed that the firm should have refunded this retainer to him. Both the federal bankruptcy court and district court in Denver rejected Cooper's contention and granted summary judgment against him.

4. Have you ever been convicted (including pleas of guilty or *nolo contendere*) of any criminal violation other than a minor traffic offense? If so, provide details.

No.

5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

None.

E. TESTIFYING BEFORE CONGRESS

1. If you are confirmed by the Senate, are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be, reasonably requested to do so?

Yes.

2. If you are confirmed by the Senate, are you willing to provide such information as is requested by such committees?

Yes.

Questions for Mr. Bonner from Chairman Baucus

Question:

- 1. As Commissioner, what steps would you take to administer this law [the "Byrd Amendment"] in a fair and efficient manner?**

Answer:

Mr. Chairman, I understand that considerable progress has been made recently, including the publication in the Federal Register of Customs' proposed regulations implementing the "Byrd Amendment." I understand the final regulations will be issued shortly. If confirmed as Commissioner of Customs, my goal will be to see that Customs implements the Byrd Amendment in a timely fashion.

In terms of assuring fairness, I would ask the operational offices within Customs to review the liquidation process on antidumping and countervailing duty entries to make sure that Customs is meeting its statutory obligation to timely and correctly collect these duties. Since Customs cannot disburse the duties to domestic parties until it has properly collected them through the liquidation process, Customs must make every effort to perfect those liquidations.

In terms of efficiency, I will ask those offices involved in the implementation of this year's disbursement to report on how Customs can improve its processing of these claims for the disbursement. I will determine whether any internal improvements in the process need to be made. If, in my view, there are statutory changes that would improve Customs' liquidation and disbursement processes, I will advise your Committee.

Question:

- 2. What controls and oversight will you institute to ensure that problems caused by these confidential informants at DEA do not similarly occur at Customs?**

Answer:

The Washington Post article, assuming it is accurate, indicates that DEA used an informant who had committed a crime (soliciting prostitution) and lied about it under oath. There were at least two apparent failures: (1) the informant's perjured testimony (according to the article known to agents in the field), was not made known to DEA Headquarters, and (2) agents in the field did not adequately track or consider the informant's perjured testimony as a basis for terminating the informant's status. Perjured testimony by an informant is unacceptable and should ordinarily result in termination of an informant. Management of a law enforcement agency must set a clear policy (i.e., perjury by an informant requires termination) and see that procedures are in place to implement that policy.

Among my early actions as Commissioner will be to review the adequacy of Customs' policy and procedures for opening, handling, paying and terminating confidential informants, in particular, making certain that policies and procedures are in place so that an informant who commits perjury is terminated, that this is appropriately documented in his file, and that other appropriate action, including prosecution for the perjury, is considered.

QUESTION:

3. Considering the magnitude of this problem [smuggling bulk cash out of the U.S.] do you think that Customs should allocate more resources to addressing the problem on out-bound flights?

ANSWER:

Bulk cash smuggling is a problem of increasing concern, both outbound from U.S. airports as well as moving across U.S. land borders. If confirmed, I will address the appropriate allocation of and potential need for additional resources in this area.

4. In examining the illegal drug industry, would you agree that drugs are inbound and currency is outbound? Do Customs currency/money laundering programs reflect this reality?

A: I agree that drugs are inbound and proceeds from illegal drug sales are often outbound. On the Southern border, primarily, drugs are smuggled northbound into the United States, while the proceeds, in the form of bulk cash, are smuggled southbound.

In general, I believe that Customs money laundering programs reflect this reality. The question is whether these programs can be more sharply focused and effective in removing a greater amount of the flow of illegal drug proceeds back to drug trafficking organizations operating in Mexico, Colombia and elsewhere. I understand that many of the Customs' existing inspectional and investigative programs are targeted to combat the cross border movement of drugs and currency. The question is how the existing efforts can be ratcheted up to be even more effective in disrupting major trafficking organizations. Additionally, it seems to me that Customs should routinely conduct more outbound operations specifically targeting bulk cash and monetary instruments.

5. What policies and programs will you initiate to provide more inter- agency cooperation with the IRS, DEA, or the FBI?

A: As the United States Attorney in Los Angeles, I participated in Operation Polar Cap, one of the most successful money laundering investigation ever mounted. Polar Cap was a joint Customs, DEA, FBI and IRS investigation, that, among other things, used sophisticated court authorized wiretaps and electronic surveillance and resulted in the seizure of over \$100 million and, through arrest and prosecution, the destruction of a nationwide money laundering operation headquartered in the jewelry district in Los Angeles.

Based on my experiences overseeing money laundering investigations, I believe that these agencies should be pooling their expertise and coordinating their money laundering investigations in order to maximize their impact. Moreover, joint investigative efforts, through HIFCA or OCDETF, should be considered and encouraged. Customs can and, in my view, should play a leadership role in coordination through its Money Laundering Coordination Center (MLCC). The MLCC can serve as the interagency clearinghouse for undercover money laundering operations by providing operational and strategic intelligence to identify and target domestic and international money laundering organizations and systems.

Moreover, I understand that the U.S. Customs Service participates in several inter-agency money laundering working groups that include IRS, DEA and FBI. These include the HIFCA, the Money Laundering-working group, and the Bank Secrecy Act working group.

QUESTION:

1. What are your views concerning today's U.S. drug policy?

ANSWER:

In my view, a comprehensive approach is necessary; one that includes prevention, treatment, interdiction, and law enforcement designed to destroy drug trafficking organizations and their means of production and distribution, and recognizes that they are all important components to a successful strategy.

QUESTION:

2. In your judgement, what is the appropriate balance between enforcement and treatment programs?

ANSWER:

The ultimate goal of an effective drug control policy should be the substantial reduction in the use and abuse of illegal drugs in the United States and the devastating collateral effects of drug abuse on families and its damage to our society. Law enforcement, interdiction and treatment play important roles in an effective strategy, as does drug education and prevention. Needless to say, the more effective enforcement and prevention efforts are, the less need there is for treatment. Fewer drug abusers would be entering the pipeline. However, no single element will be effective in achieving the goal, and it is not particularly helpful to view this as a zero-sum game. Rather than attempting to achieve some percentage balance between prevention, enforcement and treatment, the emphasis should be on identifying and funding effective programs that contribute to achieving the goal.

QUESTION:

3. **Given Customs' unique jurisdiction at the border, would you propose a shift of resources from money laundering investigations to border and interdiction initiatives?**

ANSWER:

No. Customs plays a vital role in the overall strategy of disrupting and destroying major drug trafficking organizations, which cannot exist without being able to realize the proceeds of their illegal activity. Identifying and stripping drug trafficking organizations of their ill-gotten profits and assets should be a priority mission of Customs, and this can only be accomplished through effective money laundering investigations which result in the identification and prosecution of money laundering professions (lawyers, accountants, financial advisors) and the forfeiture of money and assets derived from illegal drug sales.

In addition to Customs' money laundering investigative and enforcement efforts, Customs must develop and maintain effective interdiction efforts at our nation's borders.

QUESTIONS FROM SENATOR GRASSLEY**1. CUSTOMS PRIORITIES**

Q: Every year the Customs Service collects more than \$20 billion on duties assessed on imported goods, processes more than 450 million persons entering the country, and provides a key role in securing our borders from terrorism, illicit drug flows, and illegal imports. What are your priorities for leading the Customs Service in the 21st century? What is your vision for the Customs Service for the next 5 years? Next 10 years?

A: The U.S. Customs Service has a mission that is of vital importance to our country, its people and its commerce. My overall priorities are to provide leadership to Customs both in the law enforcement and trade aspects of Customs' mission, to manage the agency effectively and well, to maintain and enhance the esprit within Customs Service and to support and develop the potential of the fine men and women who serve their nation and the U.S. Customs Service, and make certain that personnel deal professionally, courteously and appropriately in their dealings and interaction with the public.

Within these broad leadership objectives, the modernization of Customs will be among my highest priorities. This includes the timely and successful design, implementation and funding of the ACE project, and reforms of Customs' entry processes. I also will be involved in reshaping and accelerating rulings from Customs' Office of Regulations and Rulings. I will also play a leadership role in Customs' enforcement programs and efforts in the areas of any interdiction and trafficking, money laundering, combating terrorism and terrorist threats, protecting intellectual property rights, attacking child pornography and the like.

In the next five to ten years, my vision is that Customs Service is viewed as the leading Customs agency in the world in terms of its personnel, its dedication, its professionalism and its use of technology to carry out its duties and responsibilities.

2. SYSTEMS MODERNIZATION

Q: Over the past couple of years, there has been a major effort to develop a new Automated Commercial Environment computer system, known as "ACE," to replace the 20-year-old system. President Bush's FY2002 budget proposal for Customs automation programs amounted to nearly \$258 million. Last Thursday the Senate Appropriators increased this request to \$358 million (\$428 million in the House). No less than \$230 million of this amount will fund ACE development (\$300 M).

What are your priorities to ensure that the "ACE" program will be funded appropriately, be on schedule, and be designed correctly?"

ANSWER:

As I said in my statement to the Committee, one of my highest priorities will be the successful and timely design, implementation and funding of the ACE project. All of these elements are interrelated.

Adequate funding will be essential if ACE is to be kept on schedule. At the same time, there must be a broad understanding as to what we want ACE to do. Utilizing ACE, Customs has a great opportunity to modernize and improve the way it does business. I intend to be actively involved in ensuring that the ACE project is funded adequately, keeps on schedule and is optimally designed. Currently I believe that I can drive this process through the Executive Steering Committee, which has been established to oversee Customs' modernization effort. I also plan to have the Assistant Commissioner for Information Technology and the Customs' project director report regularly to me on progress and issue resolution. I will also want to ensure that Customs receives appropriate input regarding design requirements from working groups formed from Customs' field elements that will actually use the system. Through the Trade Support Network and other forums, Customs will gather input from the affected trade regarding design and implementation issues.

3. AGRICULTURE ISSUE

Q: As an Iowan, I am committed to ensuring that the United States Customs Service takes appropriate action to help prevent contagious animal ailments from penetrating our nation's borders. What are your priorities to identify and prevent the importation of goods affected by these ailments into the United States?

A: I share your concern and, if confirmed, will promptly review the Customs Service's efforts, in conjunction with the Department of Agriculture, to identify and prevent the importation of contagious animal ailments, such as Mad Cow and Hoof and Mouth disease, into the U.S. I understand that Customs has been working with the Department of Agriculture and other agencies and has taken a number of steps to address this issue.

4. INTELLECTUAL PROPERTY

Q: How does the U.S. Customs Service intend to promote the flow of Intellectual Property Rights through our nation's borders while fighting intellectual property crimes?

A: Customs has an important role in combating intellectual property crimes, including counterfeiting goods and pirating copyrighted material and technology. This includes both inspection and seizure of goods that violate intellectual property rights as well as investigations that lead to prosecutions and convictions of those involved. I believe that this can be done without unduly impeding the flow of goods across our borders.

One of the programs that can make Customs and other federal law enforcement agencies more effective in combating intellectual property crimes is the National Intellectual Property Rights Coordination Center (IPR Center) currently staffed with Special Agents and intelligence analysts from Customs and the FBI. I understand that the IPR Center was established by Customs and is located at Customs Headquarters.

5. NARCOTICS TRAFFICKING

Q: What is your vision to cooperate with foreign jurisdictions to stem the flow of narcotics into this country? What additional resources, if any, does Customs need to fully meet its operational responsibilities?

A: All heroin and cocaine is produced outside and smuggled into the U.S. Large quantities of Ecstasy and marijuana and other illegal drugs are likewise illegally imported into the U.S. Laundering of illegal drug profits takes place, in part, outside of the U.S. Consequently, cooperation with foreign governments is an indispensable element of our country's efforts to stem the flow and availability of illegal drugs in the U.S.

For example, in light of the election of President Fox, the U.S. government should explore new levels of cooperation with the Government of Mexico in the fight to dismantle major Mexican drug trafficking organizations.

U.S. Customs Service can and should play an important role in cooperating with foreign customs and law enforcement agencies, to the extent that this can be done without compromising sensitive law enforcement information, so that more effective and comprehensive law enforcement action can be taken against major, transnational drug trafficking organizations. Working with the State Department, Customs can and should provide appropriate training and assistance to foreign law enforcement agencies to enhance their abilities to investigate, forfeit assets, and prosecute drug kingpins, their lieutenants and their money laundering and organizational infrastructure.

At this point, I am unable to state what additional resources Customs needs to meet increased operational efforts undertaken in cooperation with foreign governments. I am looking forward to discussing this with you and the Committee once I am in a position to evaluate the political will of other governments to enhance cooperation and the resource implications of such efforts for the U.S. Customs Service.

6. DOCUMENT PRODUCTION

Q: Do you agree with the Senate Legal Counsel that a request for data or information from the ranking member of a Senate Committee cannot be denied because of the Privacy Act?

A: I wish to emphasize at the outset that I fully appreciate and respect the oversight functions of the Senate Finance Committee and understand that production of necessary information by the Customs Service is an important part of the oversight process. I understand that Customs has worked well with both the majority and minority

staffs of the Committee, and it is my intention to continue the cooperative nature of the working relationship with the Committee, the Chairman and the Ranking Member. On the other hand, before disclosing information covered by the Privacy Act, I must make certain that Customs does so without violating that law.

I have not seen a written opinion from Senate Legal Counsel on this subject, but I would certainly study it carefully were one provided to me. I understand that Customs is currently reviewing its authority to comply with requests from the Ranking Minority Member of a House or Senate committee or subcommittee for records, which are subject to the protection of the Privacy Act. As you know, Customs must coordinate its response with the Treasury Department as well as other agencies that are responsible for interpretation of the Privacy Act.

FOLLOW-UP QUESTIONS FROM SENATOR GRASSLEY (Part B)

Q: Although interim regulations to implement these two laws were issued last October, it is our understanding that no rulings have been issued by the Customs Service in response to questions raised by companies doing business under the new laws. If this is correct, how many rulings have been issued under AGOA and CBTPA to date, and when were they issued?

A: In regard to the textile provisions of the Caribbean Basin Trade Partnership Act (CBTPA) and African Growth and Opportunity Act (AGOA), it is my understanding the Customs Service has issued some information letters in response to questions not related to issues raised during the comment period and as such, addressed in the final regulation documents. A draft of the final CBTPA regulations is currently circulating for Customs review. Draft final regulations for the AGOA are being prepared and will circulate for Customs review in the near future. In regard to non-textile provisions of the CBTPA and AGOA, Customs has issued one ruling which noted the eligibility for preferential treatment under the AGOA for sandals from Kenya upon compliance with all applicable regulations. This ruling is NY G88421 which was issued on April 13, 2001.

I am told the reason the Customs Service has issued information letters, and not binding rulings, is that to issue a binding ruling on a matter which is the subject of submitted comments and addressed in the final regulations documents would be to circumvent the regulatory process, something which Customs will not do. Until the final regulations documents have been reviewed by the Customs Service and the Treasury Department and are published in the Federal Register, Customs is unable to issue definitive, binding rulings on certain controversial questions raised in the context of the CBTPA and the AGOA.

Q: As the volume of entries goes up, the Customs Service has been working on increasing the use of electronic transmissions, in lieu of paper. However, in the textile sector, the amount of paper seems to be increasing. As we approach the elimination of the quota system, which is scheduled for January 1, 2005, what

steps can the Customs Service take to reduce the amount of paper required for textile and apparel entries?

A: Without further study, I would assume that with the elimination of the quota system, Customs would be able to reduce the amount of paperwork currently required for textile and apparel entries.

Q: Do you believe Customs should take steps to facilitate cross-border commercial movement? If so, do you see this as a high priority for Customs and do you have any thoughts at this time as to how best to proceed?

A: I do believe Customs should take steps to facilitate cross-border commercial movements. Based on conversations I have had, Customs already views facilitation of border crossings as one of its major missions and is working to facilitate the movement of cargo on the land borders by use of automated electronic release systems designed to handle the types of cargo movements common to rail and truck.

QUESTIONS FOR THE RECORD FROM SENATOR JOHN BREAUX

1. Tethered Aerostat Radar System (TARS)

Q: Mr. Bonner, are you familiar with the tethered aerostat system (TARS) program currently operated by the Department of Defense in support of Customs drug interdiction mission?

Do you believe that the TARS surveillance capability is important to Customs drug interdiction mission?

A: I am generally familiar with the TARS, but have not received any briefing on this system or its capabilities in the last eight years. My recollection is that TARS had, and presumably still has, some value in deterring smuggling of sizeable loads of illegal drugs across the Southwest border by air and, if that remains true, TARS would be of continuing importance to Customs' drug interdiction mission, provided, of course, that Customs has an adequate response capability. In addition, TARS may provide useful intelligence regarding lateral movement of drug loads in northern Mexico. I will require and will request an updated briefing, however, in order to accurately evaluate TARS current importance to Customs' drug interdiction mission.

Q: As you know, the DOD plans to close three TARS sites in Florida, Texas and Louisiana. Will the closure of these sites and the resultant 1,000-mile surveillance gap impact Customs ability to detect, track and intercept potential drug traffickers?

A: I tend to believe that removal of these TARS sites will impair Customs' ability to detect, track and intercept drug trafficker aircraft. However, I would require a detailed briefing to fully assess the impact of DOD planned closures, and, if confirmed, I will request such a briefing.

Q: If you are confirmed, what are your plans to continue the TARS program and how would you fund it?

A: DOD funds and operates the TARS system. Based on what I know, the O&M costs and infrastructure requirements of TARS cannot be currently absorbed by Customs.

Q: Since TARS was originally fielded and very successfully operated by Customs, do you believe the Customs mission needs would be better served if TARS again came under Customs management responsibility?

A: My understanding is that DOD and Customs have discussed transferring the program, but no decisions have been made. This issue needs attention once new leadership is in place at Customs, Department of Treasury, Office of National Drug Control and Policy and DOD. It seems obvious, however, that funding will be an issue since Customs does not currently have adequate funding to restore, operate and

maintain the TARS, and I understand that DOD has prioritized counterdrug funds towards other programs.

2. Maritime Maintenance Duties

Q: We understand that the U.S.-flag industry has petitioned the Customs Service to rescind this rule to no avail. When confirmed, will you look into the March 26th, 2001 Final Rule on ship repairs with a view to following through on the U.S. maritime industry's written recommendation of July 13, 2001, to withdraw this rule in its entirety?

A: I will examine the published Final Rule for the purpose of ensuring that it accurately reflects the intent of the Congress in enacting the vessel repair statute

Q: As Customs Commissioner, how would you address the discrepancies that exist between clear Congressional intent and the published Final Rule concerning this matter?

A: To the extent that I determine there exist discrepancies between clear Congressional intent and the Final Rule, I will direct that appropriate corrective action be taken.

Q: When you are in office, will you make an analysis of this rulemaking and the industry's July 13 communication one of your first orders of business? Will you report back to this Committee your decision regarding this matter.

A: I will be pleased to review the entire matter and to report my findings to the Committee.

Q: Economic assessments by the maritime industry project the cost of compliance to the Final Rule to total \$230,000 per deep sea vessel, not including additional costs such as fines, penalties, and lost productivity. These unprecedented financial burdens could very well force U.S. flag ships to reflag foreign. In light of these unnecessary costs, do you think the decrees found in the Final Rule are justified, even at the risk of the U.S.-flag fleet's existence.

A: Not knowing the basis upon which the maritime industry has made such calculations, I cannot comment upon them in a meaningful manner at this time. I will include a review of this aspect of the matter in my overall examination of the issue.

Q: I was pleased to hear that you stated during your confirmation hearing that the principles of effective enforcement at Customs should not overshadow facilitating trade to make the Customs Service more efficient. Considering the profound negative consequences of this rule in terms of U.S.-flag vessels operating in the international trades, do you believe that the directives of the final rule constitute sound policy? Do you not agree that this rule goes far beyond the

imposition of a single duty and how it comports with the intent and view of the Congress already expressed in this matter.

A: Clearly, this is a matter of importance to you and other members of Congress. Without having had the opportunity to review the Final Rule at issue, I am not presently in a position to either confirm or refute that its provisions exceed the bounds of congressional intent. I am likewise unable to report at this time whether it constitutes sound policy. I will review the matter with these issues in mind, and I look forward to working with you on this important issue.

QUESTIONS FROM SENATOR JEFF BINGAMAN

Q: Given the problems currently apparent along the U.S.-Mexico border – slow processing and long waiting lines for commercial vehicles being but one example-- what exactly needs to be done to address the complex nexus between the interdiction of drugs and the free flow of trade?

A: I believe that improved risk assessment and better deployment of technology may ameliorate the backup of commercial vehicles at the Mexican border. On the other hand, Customs must do what is reasonably necessary to intercept drugs at our border.

Q: What do you mean by the “appropriate balance of risks and resources”? Are appropriate resources being spent along the US-Mexico border at this time, or should this be increased?

A: Through application of the principles of Risk Management, Customs is identifying the areas that will produce the most efficient utilization of resources. This is a cyclical process that allows Customs to refocus resources to concentrate on areas that pose the greatest risk.

Customs is committed to providing the greatest amount of service within our appropriated levels, and reducing excessive wait times on the Southwest Border.

Through recent Congressional funding (Kyl/Hutchison Amendment) we are in the process of hiring 228 additional Inspectors and Canine Enforcement Handlers at Southwest Border ports of entry. These officers are being deployed at key locations to address the workload demands and enforcement threat.

The Customs Service continues to receive requests for new and increased service across the country to address new border crossings, expanded hours of operation, and new airport terminals. If confirmed, it is my commitment to review and assess needs for increased service.

Q: If resources should be increased, where should emphasis be placed in terms of new infrastructure?

A: I understand the last major infrastructure initiative focusing on border facility needs was undertaken by Congress beginning in Fiscal Year 1988. At that time Congress directed the General Services Administration (GSA) to undertake a Southwest Border Capital Improvement Program to modernize and update facilities on the US-Mexico border. That initiative received direct appropriations from Congress of approximately \$364 million over a 5-year period, and allowed Customs to focus attention on new construction, repair, and modernization of the border facilities.

In Fiscal Year 2000, Congress directed the US Customs Service, in consultation with GSA and the other Federal Inspection Services, to assess the current condition and infrastructure needs for the U.S. ports of entry on the Northern and Southwest borders.

In Fiscal Year 2001, the "Ports of Entry Infrastructure Assessment Study" was provided to Congress. The report identifies the current, prioritized needs for new construction, repair, and modernization at the border stations. The report also describes the new approaches that the Federal Inspection Services and GSA are utilizing to identify and prioritize current and future infrastructure needs.

In general, I believe the emphasis for new infrastructure should be strategically placed in major trade corridor areas, that are experiencing the most dramatic growth in commercial and passenger vehicle traffic.

Q: If resources should not be increased, how do you propose to alleviate the problems we currently face along the border?

A: Customs utilizes risk management principles to identify the areas that will produce the most efficient utilization of resources. This cyclical process allows Customs to refocus resources to concentrate on these areas that pose the greatest risk.

Customs is committed to providing the greatest amount of service its appropriated levels, and reducing excessive wait times on the Southwest Border.

I understand Customs continues to promote the utilization of Non Intrusive Inspection technology. This advanced X-ray technology allows for more intensive, less intrusive exams, utilizing fewer human resources.

Customs will also continue to pursue modernization efforts to become more efficient and provide better service to its customs. Customs will also continue to work with the trade community and travelling public to provide expedited service to compliant accounts and people through low risk importer and dedicated commuter lane initiatives.

Q: Is there sufficient infrastructure expenditure in New Mexico, especially given the increased overflow expected to Santa Teresa as a result of new roads in Mexico leading to the Mexico-New-Mexico Border?

A: I am told the current Customs facility at Santa Teresa, New Mexico is equipped to handle the projected increases in commercial and passenger vehicle traffic due to the new construction of roads in Mexico. The port has a new Non Intrusive Inspection system that utilizes gamma ray technology to inspect commercial vehicles and cargo.

I also understand there is sufficient inspectional staffing at Santa Teresa to handle the projected increases. Customs management will closely monitor the workload through the port of entry to ensure sufficient personnel are available.

QUESTIONS FOR THE RECORD FROM SENATOR BOB GRAHAM

Q: Judge Bonner, will you commit to pursue violations of the Suspension Agreement and Customs laws and penalize those found to have violated the Agreement and U.S. Customs laws with the imposition of civil penalties under 19 U.S.C. 1592?

A: Yes. If confirmed, I am committed to enforce the Mexican Tomato Suspension Agreement and to pursue any violations to the fullest extent of Customs laws, including

IMPLEMENTATION OF THE CARIBBEAN BASIN INITIATIVE

Q: In its preliminary regulations, Customs is proposing to deny benefits to certain garments, assembled in the Caribbean Basin, that use U.S. inputs. For example, garments knit to shape in the United States out of U.S. spun yarn, but completed in the region, would be denied duty and quota free entry when those goods are re-imported into the United States.

Similarly, although garments cut entirely in the United States or cut entirely in the region are allowed duty free treatment, garments cut in a combination of the U.S. and the region are not.

Such outcomes are clearly inconsistent with the legislation that I supported. Can you please explain what steps you think Customs can take to arrive at an interpretation that is more consistent with Congressional intent for the legislation?

A: This issue was raised to Customs during the public comment period for the interim regulations published on October 5, 2000 to implement the Caribbean Basin Trade Partnership Act (CBTPA) and the African Growth and Opportunity Act (AGOA). The public was given until December 4, 2000 in which to make comments.

Customs is analyzing the comments and drafting final CBTPA/AGOA regulations. Because I am not yet confirmed, I have not reviewed the final draft regulations. Upon confirmation, I will certainly review the regulations with your concerns in mind. I look forward to working with you and the Committee on this issue.

QUESTIONS FROM SENATOR MURKOWSKI

Q: On March 26, 2001, the Customs Service imposed new rule making on ship repairs. The impact of these new rules raises serious concerns for the United States maritime industry and, at first blush, suggest a lack of fairness. Can you explain the policy behind such rule making and the economic rationale for penalizing the U.S. maritime industry through such rule making?

A: I have not as yet had the opportunity to review the recent Customs rulemaking affecting the American maritime industry. Once in office, I will undertake an examination of the new regulations and, if appropriate, will direct that corrective action be taken.

Q: I note from recent reports that Customs' San Francisco-based liquidator has not been replaced. Is it your intent to require Pacific Coast operators and other maritime entities to utilize the New Orleans or New York liquidators, or will Customs fund a Pacific Coast liquidator to care for Pacific Coast operators.

A: I am told Customs has proposed reducing the number of offices processing vessel repair entries from three to one. The sites that we are proposing to close are New York and San Francisco.

Though the number of sites will be reduced, Customs will strive to make the transition as transparent as possible to the vessel repair filers while not comprising the quality of service provided to the vessel community.

Downsizing to one site demonstrates Customs effort to conserve resources and exercise fiscal responsibility, as well as promote greater uniformity in processing the vessel repair entries.

PREPARED STATEMENT OF HON. DIANNE FEINSTEIN

Mr. Chairman, I am pleased to acknowledge Judge Robert C. Bonner, a Californian whom the President has nominated to be Commissioner of the United States Customs Service.

The U.S. Customs Service is a \$2 billion agency with more than 19,000 employees. One of its core missions is to protect the Nation's borders. It is the only border agency with an extensive air, land, and marine interdiction force and with an investigative component supported by its own intelligence branch.

As the primary border interdiction agency, U.S. Customs faces a complex, multi-faceted drug threat. The staggering number of conveyances, cargo and passengers arriving into the United States each year present ever growing challenges for the agency.

Just last April, Customs inspectors and canine enforcement officers in Otay Mesa, California, seized over seven tons of marijuana in a tractor-trailer shipment of televisions. It was the single largest seizure of narcotics ever made at a land border crossing.

In addition to its core mission of inspecting cargo and interdicting illegal drugs, the U.S. Customs services shares responsibility for combating international money laundering and arms smuggling.

The U.S. Customs is not only an enforcement agency, it also provides the U.S. with its second largest source of revenue. Last year, the agency collected \$22.1 billion in gross revenues from tariff duties, user fees, excise taxes and other assessments on foreign imports. A continuing challenge for the agency will be to ensure that an efficient use of resources will improve the movement of legitimate trade across the U.S. borders.

Given its enormous mandate, the U.S. Customs Service will continue to face enormous challenges. I am confident that Judge Bonner's impressive record in both the public and private sectors will enable him rise to those challenges.

JUDGE BONNER'S RECORD

If confirmed, Judge Bonner will bring a substantial amount of substantive knowledge and management experience to the U.S. Customs Service. He is a nationally recognized expert in the area of drug control and, through his prior experience with the Drug Enforcement Agency [DEA], has a working knowledge of the Customs Service.

In his capacity as the Administrator of the DEA, Judge Bonner was very influential in shaping the drug policy of the first Bush Administration. He also worked closely with Customs to develop a federal drug interdiction program for the Southern border.

Judge Bonner has also been credited for helping to raise the visibility and esteem of its agents. While at the DEA, he was widely respected as a leader who rose above politics. He was considered fair, objective, and one who exercised very clear direction. These attributes will be essential in helping the Customs Services employees fulfill their agency's mission.

In addition to his impressive career with the DEA, Judge Bonner served as a Federal district court judge for the Central District of California in 1989-1990. Prior to that, he was appointed United States Attorney for the Central District of California, which is the second largest U.S. attorney office in the nation that covers Los Angeles and six other Southern California counties. He served in that capacity from 1984-89.

It is without doubt that Judge Bonner brings a wealth of experience to the Department of Treasury and the U.S. Customs Service. He is currently a partner in the Los Angeles office of Gibson, Dunn & Crutcher, specializing in business crimes matters, governmental investigatory and regulatory actions, complex civil cases, and internal corporate investigations.

Judge Bonner's experience as a corporate lawyer, former administrator of the DEA, a federal judge and federal prosecutor will enable him to strike the right balance between law enforcement and the facilitation of legitimate trade across the nation's borders.

And, it is with great pleasure that I welcome him to the Senate Finance Committee today.

Before I close, I would also like to recognize **Rosario Marin**, another outstanding Californian whom the President has nominated to be the nation's United States Treasurer. An immigrant to the United States, Ms. Marin has an impressive record of accomplishment, including as mayor of Huntington Park, California. I am proud that California can offer two such distinguished candidates for public service. I wish them both well.

**Statement of Jon M. Huntsman, Jr.
Nominee to be Deputy United States Trade Representative
July 31, 2001**

I would like to thank Chairman Baucus, Senator Grassely and other members of this committee for your consideration of my nomination.

I am deeply honored to have been nominated by President Bush for the position of Deputy United States Trade Representative, and sincerely appreciate his trust and confidence. Equally, if confirmed, I look forward to working with someone as talented and visionary as Ambassador Robert Zoellick. He has assembled a first-rate team to complement the select corps of career professionals at USTR. Also, if confirmed, I look forward to working with the good people of the Finance Committee and others in Congress to pursue vigorously America's trade interests.

As you know, the trade agenda is full. There is much to be done to regain our momentum in a world that is moving forward aggressively if we hope to maintain America's preeminence in global economics. With the United States party to only two of the 130 free trade agreements worldwide, it is crucial for America to get off the sidelines.

In getting us there, two important initiatives hold tremendous possibility for enhancing U.S. trade interests for farmers, workers, entrepreneurs and families: the launch of a new WTO round focused on further liberalization, and the Free Trade Area of the Americas. Trade Promotion Authority is essential for both.

If confirmed, my experience in the private sector, developing and promoting trade policy at the Department of Commerce and serving as Ambassador to Singapore should assist me greatly in my responsibilities at USTR.

Frankly, the experience that I expect to draw upon most, however, is that which has come through witnessing first-hand the benefits of trade in a manner that cold statistics cannot capture. Economic freedoms promote and reinforce political freedoms. The linkage between free markets

and free societies is now well documented. The more we promote open markets, the more we promote democratic values in those markets.

I had the good fortune of seeing Asia and Europe early in my life, long before anyone seriously envisioned countries like Poland, Hungary or the Czech Republic becoming members of NATO, or Bulgaria, Albania or Moldova joining the WTO. And even before Japan, which entered the Kennedy round of trade negotiations in 1964 as a developing country, proved itself as a global economic leader.

China, especially with its pending accession to the WTO, is on the path of ever-expanding economic freedoms that will promote and reinforce greater political freedoms. On a personal note, my wife and I had the great joy of adopting our youngest child, Gracie, from the Jiangsu Province in China. It is my great hope that the China she will come to know in her adult years will more strongly reflect that undeniable linkage between economic and political freedoms.

If confirmed, I intend to do everything possible to pursue trade interests in ways that promote America's values and respect its heritage.

Thank you, Mr. Chairman.

**SENATE FINANCE COMMITTEE QUESTIONNAIRE
JON M. HUNTSMAN, JR.**

A. BIOGRAPHICAL INFORMATION

- 1) **NAME**
Jon Meade Huntsman, Jr.
- 2) **POSITION TO WHICH NOMINATED**
Deputy United States Trade Representative
- 3) **DATE OF NOMINATION**
- 4) **ADDRESS**
HOME: 1369 Military Way, Salt Lake City, UT 84103
OFFICE: 500 Huntsman Way, Salt Lake City, UT 84108
- 5) **DATE AND PLACE OF BIRTH**
March 26, 1960 – Palo Alto, California
- 6) **MARITAL STATUS**
Married to Mary Katherine Cooper Huntsman
- 7) **NAMES AND AGES OF CHILDREN**

Mary Anne	16 yrs.
Abigail	14 yrs.
Elizabeth	12 yrs.
Jon III	10 yrs.
William	8 yrs.
Gracie Mei	2 yrs. (Adopted from China in 1999)
- 8) **EDUCATION**
 - Highland High School 1976-78
 - Mormon Missionary in Taiwan 1979-81
(Included Chinese language training at the mission language school, Brigham Young University)
 - University of Utah 1981-84
 - University of Pennsylvania 1985-87
(Bachelor of Arts Degree 1987)
- 9) **EMPLOYMENT RECORD**
 - **Secretary of the Corporation** Huntsman Corporation 1982-89
 - **Vice President, Director** Huntsman Pacific Corporation 1987-88
(Taipei, Taiwan)

- **Vice President, International** – Huntsman Corporation 1988-89
Huntsman Corporate Headquarters (Salt Lake City, UT)
- **Deputy Assistant Secretary of Commerce, Trade Development Bureau** - U.S. Department of Commerce, (Washington, D.C.) 1989-90
- **Deputy Assistant Secretary of Commerce for East Asia and the Pacific** - U.S. Department of Commerce, (Washington, D.C.) 1990-91
- **Senior Vice President and Managing Director for International** - Huntsman Corporation (Salt Lake City) 1991-92
- **United States Ambassador to the Republic of Singapore, U.S. Department of State** - U.S. Embassy (Republic of Singapore) 1992-93
- **Vice Chairman and member of Board of Directors** - Huntsman Corporation (Salt Lake City, UT) 1993-Present

10) **GOVERNMENT EXPERIENCE**

- **Intern** - Office of U.S. Senator Orrin Hatch 1981
- **Staff Assistant** - Office of Presidential Advance, The White House, Washington, D.C. (Included full and part-time service) 1982-84
- **Member - - Budget Advisory Task Force**, Office of Salt Lake City Mayor-Elect 1991
- **Chairman- Salt Lake City/Keelung, Taiwan, Sister City Association** 1988

THE FOLLOWING POSITIONS WERE HELD WHILE EMPLOYED AT THE COMMERCE DEPARTMENT

- **Chairman - U.S.-USSR Joint Commercial Commission (JCC) working group on construction equipment**
- **Chairman - U.S.-USSR Joint Commercial Commission (JCC) on gas and oil equipment**
- **Chairman - U.S.-USSR Joint Commercial Commission (JCC) on food processing Equipment**

- Chairman-U.S. Industry Sector Advisory Committee (ISAC) for capital goods
- Executive Secretary-U.S.-Thailand Joint Commercial Committee
- Chairman - U.S.-Mongolia Trade Facilitation Working Group
- Chairman - U.S.-China Joint Commission on Commerce and Trade Working Groups

11) **BUSINESS RELATIONSHIPS (CURRENT)**

- See Attachment 1 for a list of Huntsman companies in which I serve as officer or director. Many of the listed companies were formed as special purpose entities in connection with business transactions and have minimal or no operations. Others were formed in order to comply with the laws of the jurisdictions in which they do business but are the functional equivalent of divisions of their parent companies. The primary "top level" operating companies are Huntsman Corporation, Huntsman International LLC, Huntsman Petrochemical Corporation and Huntsman Polymers Corporation.
- Asia Society, Non-Profit Organization, Trustee, 1994 – 2001
- Center for Contemporary German Studies, Johns Hopkins University, Non-Profit Educational Organization, 1995 – present
- Coalition for Utah's Future, Non-Profit Civic Organization, Vice Chair
- Envision Utah, Non-Profit Civic Organization, Chair
- Huntsman Cancer Care Programs, Inc., Non-Profit Medical/Charitable, Vice Chair
- Huntsman Cancer Foundation, Non-Profit Research Charitable Organization, President/CEO
- Institute for Advanced Study at Princeton, Educational Organization, Trustee
- Intermountain Health Care, Non-Profit Medical Organization, Director

- International Board of the Juvenile Diabetes Foundation, Non-Profit Charitable Organization, Director
- Jon and Karen Huntsman Foundation, Non-Profit Charitable Organization, Trustee
- KUED Television, Public Television Station, Director
- Karl Malone Foundation for Kids, Non-Profit Charitable Organization, Director
- National Bureau of Asian Research, Non-Profit Organization, Director
- University of Pennsylvania, Trustee
- Huntsman Program for International Studies and Business, University of Pennsylvania, Chair
- University of Utah School of Business, National Advisory Board, Member
- Utah Opera, Non-Profit Arts Organization, Director
- Utah Symphony, Non-Profit Arts Organization, Director

RECENT RELATIONSHIPS

- Honorary Consul General, Republic of Singapore, 1998-2000
 - Singapore Economic Development Board, International Advisory Board, 1996-1999
 - San Francisco Federal Reserve Bank Branch Board, Non-Profit Organization, Director, 1998-2000
- 12) MEMBERSHIPS (in addition to those set forth at Question 11)
- Church of Jesus Christ of Latter Day Saints, Religious Organization
 - National Committee on US-China Relations, Non-Profit Organization
 - Jewish Community Center, Non-Profit Cultural Organization, Member

- Parent Action Council – Waterford School, Non-Profit Educational Organization, Member
- Salt Lake Rotary Club, Non-Profit Civic Organization
- Council on Foreign Relations, Non Profit Organization, 1994-1999

13) POLITICAL AFFILIATIONS AND ACTIVITIES

- a) List all public offices for which you have been a candidate
None
- b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years
- Registered Republican
 - State Finance Chair, Dole for President – 1996
 - National Finance Committee, George W. Bush for President – 2000
 - Asia Policy Advisory Team, George W. Bush for President – 2000
 - Delegate, Republican National Convention – 2000
- c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more for the past 10 years.

31-Jul-92 Send Enid Greene to Congress	\$1 000 00
11-May-92 Bush-Quayle '92 Primary Committee	\$1 000 00
7-Feb-96 Dole for President	\$2 000 00
11-Nov-96 Chris Cannon for Congress	\$1,000 00
8-Mar-96 Dole for President	\$1 000 00
26-Mar-96 Chris Cannon for Congress	\$1 000 00
24-Mar-99 Elizabeth Dole Exploratory Committee	\$1 000 00
13-Jul-99 Bush for President Inc.	\$1 000 00
Bush 2000	\$1 000 00
8-Jun-99 Kay Bailey Hutchinson	\$1,000 00
13-Dec-99 Congressman Joe Barton	\$1,000 00
31-May-00 Smith for Congress	\$1 000 00
27-Jun-00 Republican National Committee	\$10 000 00
27-Jun-00 Republican National Committee	\$7 500 00
17-Feb-01 Orrin Hatch 2000 General Election	\$1 000 00
2000 Florida Recount Committee	\$5 000 00

- 2) **Do you have any plans, commitments, or agreements to pursue outside employment, with or without compensation, during your service with the government?**
No
- 3) **Has any person or entity made a commitment or agreement of employ your services in any capacity after you leave government service?**
No
- 4) **If you are confirmed by the Senate, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?**
Yes

POTENTIAL CONFLICTS OF INTEREST

1) Investments, obligations, liabilities or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

I and members of my family, own and manage a global specialty chemical manufacturing company with operations and properties in approximately 30 countries. Because of the possible appearance of conflict of interest between my role as Deputy USTR and my ownership and management role in Huntsman Corporation and its affiliates, I have decided to divest my interest in the Huntsman companies if I am confirmed. I have developed a divestiture plan for my holdings (and the holdings of trusts of which my children are beneficiaries) pursuant to which a portion (up to approximately 17%) of the equity interests owned by me and the trusts will be sold. Our remaining equity interests will be converted to preferred stock with a flat 12% cumulative dividend, no redemption or conversion rights, no warrants, no voting rights and no equity appreciation component. At such time as my nomination is confirmed, I intend to enter into a binding agreement with the prospective purchaser (a consortium of financial institutions) and would expect to close the transaction within 120 days thereafter. The price at which the equity interests will be sold and converted will have been finally determined prior to the initial signing.

I also intend to resign all positions in Huntsman Corporation and its affiliated companies upon my confirmation.

My children, through their trusts and through a family investment partnership, own equity securities in a portfolio of publicly traded companies. My wife and I have similar holdings. We intend to sell all such equity holdings and invest in mutual funds and bonds. I anticipate that such divestiture can be completed within 90 days after my confirmation.

2) Business relationships, dealings or financial transactions during the last 10 years that could constitute or result in a possible conflict of interest in the position to which I have been nominated.

None, other than the matters described above in answer to Question 1.

3) Activities during the last 10 years engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration and execution of law or public policy.

I testified before the Surface Transportation Subcommittee of the Senate Commerce Science and Transportation Committee on March 31, 1998, generally relating to a proposed Union Pacific/Southern Pacific Railroad Merger.

The Huntsman companies have engaged in a number of acquisitions and divestitures over the years many of which involved filings with the Federal Trade Commission under the Hart Scott Rodino Act. The companies and I in my capacity as an officer of the companies have presented arguments related to the application of federal laws and regulations to these transactions and to the operation of our businesses.

4) Proposed resolution of conflicts of interest.

See my answer to Question 2 above.

5) Written opinions of agency ethics officer and by the Office of Government Ethics

(2 Copies)

To be provided directly by the relevant ethics offices.

6) Have you ever represented, advised, or otherwise aided a foreign government or a foreign political organization with respect to any international trade matter?

I served as a member of the Singapore Economic Development Board, International Advisory Council, from 1996 – 1999. I also served as honorary consul general for the Republic of Singapore in Salt Lake City, Utah, from 1998 to 2000. No assistance, advice or representation on any international trade Issues were ever provided in either capacity.

C. LEGAL AND OTHER MATTERS

1) Have you ever been the subject of a complaint or been investigated, disciplined, or otherwise cited for a breach of ethics for unprofessional conduct before any court, administrative agency, professional association, disciplinary committee, or other professional group?

No

2) Have you ever been investigated, arrested, charged or held by any Federal, State or other law enforcement authority for a violation of any Federal, State, county, or municipal law, regulation or ordinance, other than a minor traffic offense?

No

3) Have you ever been involved as a party in interest in any administrative agency proceeding or civil litigation?

Yes. Wayne Siggard v. Jon M. Huntsman, Jr. and Mary Kaye Huntsman, Civil No. 980207992, Third District Court, Salt Lake County, Utah. Filed November 2,

1998. This was an action for an accounting and for payment for services allegedly provided to the Huntsmans. The Huntsmans filed a counterclaim for breach of contract and fraud and seeking an accounting. The Huntsmans obtained summary judgment on Siggard's claims and the suit was settled.

- 4) **Have you ever been convicted of any criminal violation other than a minor traffic offense?**

No

- 5) **Additional Information**

None

D. TESTIFYING BEFORE CONGRESS

- 1) **If you are confirmed by the Senate, are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be reasonably requested to do so?**

Yes

- 2) **If you are confirmed by the Senate, are you willing to provide such information as is requested by such committee?**

Yes

Questions for the Record from Senator Baucus for Jon Huntsman

Question #1

The World Trade Organization's Dispute Settlement Body recently issued a report holding a safeguard measure put in place to provide relief from import surges to the U.S. lamb meat industry to be inconsistent with WTO rules. That measure is vital to the U.S. industry. Consistent with the intent of our safeguard statute, the measure is designed to give the industry the space it needs to adjust to a flood of low-priced imports from Australia and New Zealand. The next step is for the U.S. Trade Representative to invoke section 129 of the Uruguay Round Agreements Act. Section 129 authorizes USTR to seek an advisory report from the International Trade Commission as to whether the ITC can take steps, consistent with current law, to render its determination in the safeguards matter not inconsistent with the WTO ruling. It has been almost three months since the WTO Appellate Body ruled, but USTR has yet to invoke section 129. As Deputy USTR, would you support prompt invocation of section 129 in this matter? If not, why not?

Answer 1:

It's my understanding that the Administration has several legal options that it may consider in response to the WTO ruling. We should give careful consideration to all of those options in making a decision on this. If confirmed, I would like to consult closely with industry and you and your colleagues to resolve this matter. Any action we take on this matter should of course be done in close consultation with our industry. It's my understanding that USTR is in fact working closely with our industry to resolve this matter.

Question #2

As Deputy USTR with responsibility for Asia, one of the items in your portfolio will be our pending negotiations on a free trade agreement with Singapore. This is a country about which you have some knowledge, having served as our Ambassador there from 1992 to 1993. One issue of concern in an eventual FTA with Singapore is the problem of transshipment. Should we be concerned about producers shipping through Singapore to disguise the true origin of products and thereby take unfair advantage of a free trade agreement? What steps should the United States be taking to address this potential problem?

Answer 2:

One of the challenges presented by an FTA is the need to ensure that the benefits of the Agreement go to the parties to the Agreement. It is important that the agreement provide certainty and transparency in its operation, while minimizing costly burdens in the operation and administration of its provisions. I believe including concrete cooperative measures as an integral

part of the FTA would be an important element in addressing the issue of transshipment. If confirmed, I would seek to ensure the development of effective measures that will ensure the FTA achieves its intended objectives in this important area.

Question #3

Another country within your portfolio would be China. With China's accession to the World Trade Organization imminent, we can expect significant implementation challenges in the coming years. Some of these may result in dispute settlement. However, dealing with all implementation issues through dispute settlement probably is not feasible. As Deputy U.S. Trade Representative, how would you propose that we address China's implementation of its WTO obligations in the coming years?

Answer 3:

I agree that we can expect significant implementation challenges in the years following China's accession to the WTO. Even with the best of intentions, China has a huge task in front of it. The WTO is a rules-based system that requires its members to operate with openness and transparency and that stresses the central role of markets and private enterprise. As a result, China faces dramatic changes to its trade regime, at all levels of government. It must reduce trade barriers across a broad range of goods and services, eliminate or significantly reduce restrictions on freedom to import and distribute goods within China, and rectify numerous agricultural and industrial policies. Indeed, the task of repealing and revising existing laws and regulations and in enacting new ones in order to become WTO-compliant, by itself, is enormously complicated.

In addressing China's implementation of its new WTO commitments, our first step has been to ensure that significant resources are devoted to a wide-ranging but focused monitoring effort. We have added personnel at USTR who will be devoted to that effort, and we will be drawing on the assets of our Embassy and Consulates in China, the Departments of Commerce, State and Agriculture, all of which are increasing the number of personnel focusing on the implementation issue. We intend to set up a network from among these assets to help us identify and act upon problems as early as possible, with input as well from private sector entities such as the American Chambers of Commerce in China and the region. Our efforts will be augmented by a special transitional, multilateral review mechanism being put in place at the WTO, which calls for a detailed annual review of China's implementation for the first eight years after accession, followed by a final review in year 10. In addition, on an annual basis, we will hold a public hearing to gather information and solicit views on China's implementation, followed by the submission of a report to Congress.

We will also be consulting regularly with China on identified implementation issues. To the extent possible, we will attempt to resolve these issues expeditiously and without resort to formal mechanisms.

But, the terms of China's accession are enforceable. China's commitments are specific, with timetables and dates for staged and full implementation. We will enforce those commitments not only through the annual multilateral review of China's implementation at the WTO, but also through the use of our trade laws and WTO dispute settlement processes as necessary.

Question #4

Last November, the International Labor Organization adopted a resolution urging countries to reexamine their relations with Burma and to take steps to ensure that those relations do not support the use of forced labor in that country. This was the first time the ILO had made such a recommendation in its over-80-year history. Yet, thus far, countries including the United States have failed to act on the ILO resolution. Following the ILO resolution on Burma last year, would you support the imposition of a ban on imports from Burma until the government puts an end to the forced labor regime in that country? If not, why not?

Answer 4:

It is my understanding that USTR is working closely with the State Department and is aware of the political and labor situation in Burma. If USTR were to consider trade action, such action would have to be coordinated closely with the Department of State and other agencies. As I understand the current situation, international pressure, including robust multilateral sanctions sponsored by the United States, has been effective in stimulating some movement by the Burmese regime in peace talks with Aung San Suu Kyi and on the labor front. If confirmed as the Deputy USTR responsible for Asia, I would ensure that the agency continues to monitor the situation and works closely with other agencies to determine the most appropriate measures available to address this issue.

Question #5

Recently, the Finance and Ways and Means Committee voted in favor of resolutions that would result in the extension of normal trade relations to Vietnam. I hope that the full House and Senate will vote on this measure shortly. Once NTR for Vietnam comes into effect, we may expect increased imports of certain products from that country, particularly textile and apparel products. There has been some discussion of negotiating a textile and apparel agreement with Vietnam based on the Cambodia model. Such an agreement would place quotas on imports of Vietnamese textile and apparel products and would provide a schedule for the increase in those quotas. If Vietnam made specified improvements in its protection of core labor standards, it would be eligible for bonus quota increases. Would you support this model for a textile and apparel agreement with Vietnam? If not, why not?

Answer 5:

If confirmed, I would seek to obtain more information about how the labor trade-incentive provisions in the Cambodian textile agreement are working. I also would like to explore with you and your colleagues the appropriateness of negotiating an incentive-based textile and apparel agreement with Vietnam.

Question #6

For year, U.S. automobile manufacturers have faced unjustifiable market access barriers in Korea. Last year, only 1,268 American vehicles were sold in Korea, compared with a total of over 1 million vehicles sold throughout the country. Even where the Korean government does not put up direct barriers, it tolerates indirect barriers. For example, the government reportedly has done little to dispel reports that foreign vehicle purchasers are more likely to be subject to tax audits than purchasers of domestic vehicles. A 1998 memorandum of understanding appears to have done little to open the Korean vehicle market. As Deputy USTR, how would you propose to address the problem of market access in Korea?

Answer 6:

The trade figures you cite are certainly evidence of continuing market access barriers in the Korean automotive market. Clearly, additional action to open this market is needed. If confirmed, I would seek to gain a better understanding of the 1998 bilateral agreement and consult closely with industry to determine the most effective ways to improve access.

Question #7

The Government of Korea reportedly continues to maintain onerous barriers against American films and TV channels. Meanwhile, the Korean industry is enjoying unprecedented success. Korean films reported have captured over 42% of screen time in Korea so far this year. Several years ago, the Korean Government promised to reduce its foreign film quota when Korean pictures surpassed 40% of screen time. What would you propose to do to ensure that Korea keeps its promise to reduce its barriers to the exports of American filmed entertainment?

Answer 7:

If confirmed, I would like to obtain more information about trends in this sector and the reasons underlying the Korean Government intransigence on this issue. If Korean films are having unprecedented success in the Korean market, it may be appropriate to consider new approaches to the Korean Government on this issue.

Questions for the Record from Senator Grassley for Jon Huntsman

Question 1: China/Monitoring and Enforcement

It appears that the Chinese are on the verge of completing accession negotiations with members of the World Trade Organization.

There seems to be just one issue outstanding.

Will China live up to its commitments under the 1999 U.S.-China bilateral trade agreement and allow foreign insurance companies to expand on the same basis as they are currently established.

To me the commitment seems clear.

But from press reports it looks like the Chinese are walking away from its commitment.

As you know, strong monitoring and enforcement of our trade agreements, particularly with China, are very important to many Senators, including myself.

Are the Chinese walking away from commitments made to the U.S. even before they enter the World Trade Organization?

If so, what is the United States going to do to ensure that they live up to their other commitments if they won't even keep this one?

Answer 1:

First, let me say that once China's accession package is finalized, we believe that the President will be able to certify to Congress, as required in the PNTR legislation, that the package is at least equivalent to the U.S.-China bilateral agreement negotiated in 1999.

At the same time, from our experiences with other acceding members and even founding WTO members, and from our past experiences with China in the bilateral setting, we do anticipate that implementation will be difficult in the case of China. But, China's accession will still be tremendously beneficial to U.S. businesses and farmers and their workers, and the terms of China's accession are enforceable. China's commitments are specific, with timetables and dates for staged and full implementation.

We have already ensured that significant resources are devoted to a wide-ranging but focused monitoring effort. We have added personnel at USTR who will be devoted to that effort, and we

will be drawing on the assets of our Embassy and Consulates in China, the Departments of Commerce, State and Agriculture, all of which are increasing the number of personnel focusing on China. We will be setting up a network from among these assets to help us identify and act upon problems as early as possible, with input as well from private sector entities such as the American Chambers of Commerce in China and the region. We will be consulting regularly with China on identified implementation issues, and, to the extent possible, we will attempt to resolve those issues expeditiously.

We will also be prepared to make use of more formal mechanisms to compel China's compliance with its WTO commitments. For example, China's accession package establishes a special transitional, multilateral review mechanism at the WTO, which calls for a detailed annual review of China's implementation for the first eight years after accession, followed by a final review in year 10. We will also enforce China's commitments through the use of our trade laws and WTO dispute settlement processes as necessary.

Question #2. African Growth and Opportunity Act

I believe the African Growth and Opportunity Act was a historic step forward, not only in our relations with sub-Saharan Africa, but also in helping to integrate this important region of the world more fully into the international economy.

What more can the United States do to help advance economic growth in sub-Saharan Africa, particularly through international trade?

Will the administration be presenting any proposals to Congress on this issue for our consideration?

If not, would you consider looking at this issue and seeing if the Administration can come up with a reasonable proposal?

Answer 2:

I agree that AGOA has been instrumental in expanding our trade and investment relationships with the countries of sub-Saharan Africa. We are actively engaged with sub-Saharan African countries. The focus of our policy initiatives for the region is on trade capacity-building and full implementation of AGOA. In addition, we are consulting with AGOA's beneficiary countries on plans for the upcoming U.S.-Sub-Saharan Africa Trade and Economic Cooperation Forum (Oct. 4-5, 2001). The Forum will provide an opportunity for increased dialogue on AGOA implementation, economic reform, and conditions for generating enhanced trade, investment, and growth.

Sub-Saharan African countries need technical assistance to help them maximize their benefits under AGOA and to participate fully in multilateral fora such as the WTO. USTR has conducted over 20 technical assistance workshops on AGOA in several countries in sub-Saharan Africa. USTR and USAID have also coordinated a series of technical assistance workshops on the WTO for African countries. We are enhancing our focus on trade capacity-building and are working to develop strong linkages with the World Bank, universities, and other institutions in an effort to broaden and strengthen U.S. trade capacity-building initiatives in Africa. Over the past two years, the United States has devoted over \$100 million to trade capacity-building in Africa.

The Administration strongly supports further trade liberalization with Africa. We would favorably consider legislative and other initiatives to advance economic reform and growth in Africa through expanded trade and investment. USTR looks forward to working with interested Members of Congress to determine the best approach.

Question #3: Australia Free Trade Agreement

There has been a lot of talk recently about the United States starting negotiations with Australia for a bilateral Free Trade Agreement. Could you comment on the prospects for a U.S.-Australia bilateral trade agreement? What would be the regional implications of such an agreement?

Answer 3:

It is my understanding that no decision has been made on whether to pursue Australia's proposal to enter into free trade agreement negotiations. I believe the proposal is an interesting one. An FTA with Australia would reinforce the strong ties the United States has with Australia and help trade liberalization in the Asia Pacific region. However, I am fully aware of the sensitivities -- in both Australia and in the United States -- we would need to address in an U.S.-Australia FTA. If confirmed, I would like to explore the costs and benefits of such an agreement. I would like to work closely with industry, NGOs, and members of Congress to determine whether pursuing an FTA with Australia at this time is appropriate.

Question #4: Trade Promotion Authority

Is it important for the President to get Trade Promotion Authority from Congress this year?

Would you be more effective in your view new position if the President had Trade Promotion Authority?

Answer 4:

To carry out an active global, regional, and bilateral trade agenda and to negotiate the best possible deals, the executive branch needs as much negotiating leverage as possible. Trade Promotion Authority (TPA) tells our negotiating partners that Congress and the executive branch are united in seeking to open foreign markets.

TPA tells other governments that an agreement they strike with U.S. negotiators will not be reopened once the President sends it to the Congress. That means foreign governments do not need to hold back concessions for fear there will be a second round of negotiations. I have heard and seen first hand just how much importance our negotiating partners attach to TPA. In fact, EU Trade Commissioner Pascal Lamy, has said: "If Trade Promotion Authority is denied by Congress, it would be hard for the U.S. Administration to establish itself as a credible trading partner." Therefore, I think it goes without saying that I would be more effective in my current position if the President is granted TPA.

Questions for the Record from Senator John D. Rockefeller, IV for Jon Huntsman

Question 1: The Administration recently initiated a Section 201 investigation on steel, an action which I have long advocated and which this Committee reaffirmed with its own initiation last week. The President has committed himself to undertake bilateral and multilateral negotiations to reduce foreign steel overcapacity by tackling the problems of foreign dumping, illegal subsidization, and other trade-distorting practices. In your capacity as Deputy USTR with primary responsibility for Asia, what steps will you take in bilateral and multilateral negotiations to reduce injurious foreign overcapacity in Japan, Korea, and other Asian economies?

Answer 1:

On June 5, 2001, President Bush directed the U.S. Trade Representative, together with the Secretaries of Commerce and the Treasury, to initiate negotiations with steel trading partners to reduce excess global steel capacity and to establish additional disciplines on subsidies and other market-distorting practices. The Administration is now finalizing its strategy for the negotiations. This strategy will include both bilateral and multilateral negotiations with the governments of key steel producing countries including those in Asia. As Deputy USTR, my contribution to this effort will be to engage my counterparts on this subject at every appropriate opportunity.

Question 2: The highly detailed Antidumping Code was laboriously negotiated during the Uruguay Round and has only been in place since 1994. There was general agreement at the Uruguay Round negotiations that antidumping would not be revisited in the next round. Each time the trade laws are allowed onto the agenda, they are modified so as to further hinder the ability of domestic industries to file and win antidumping and countervailing duty cases.

I need to be assured that effective remedies exist to deal with unfair trade practices. I believe that a majority in Congress will not support signing additional trade agreements, if it means weakening the antidumping, countervailing duty, and safeguard laws. As you know, a recent letter to the President signed by 63 Senators implored the Administration not to use our trade laws as a bargaining chip in bilateral and multilateral negotiations. Still, Japan, Korea, and many in the developing world are pressing the U.S. to agree to re-open the Antidumping Code and the SCM Agreement in the context of a new round of multilateral trade negotiations.

Can you assure me that our antidumping and countervailing duty laws will not be put on the table by the U.S. in any bilateral or multilateral trade negotiations? If you cannot so assure me, please explain why it is in our national interest to jeopardize one of our few remaining trade remedies to address dumped and illegally subsidized imports.

Answer 2:

Our antidumping and countervailing duty laws are an important element of the consensus behind trade liberalization in the United States. I strongly share your views about the importance of U.S. trade laws and the need to ensure that our trade agreements do not weaken disciplines against unfair trade practices. The Administration is committed to the vigorous enforcement of our nation's trade laws and to preserving the effectiveness of these tools as we pursue additional trade agreements in the future. If I am confirmed, I will look forward to working with you and other Members of Congress to achieve that goal.

Question 3: Under the China WTO accession agreement, China agreed to a twelve-year product specific safeguard mechanism under which the U.S. can address rapidly increasing Chinese exports that cause or threaten to cause "market disruption" in the U.S. market. This safeguard provision was critical to my support for the agreement and it is critical that it is enforced by this Administration upon China's eventual accession to the WTO.

In the event of market disruption, do you commit this Administration to take strong action, pursuant to the terms of the agreement's product-specific safeguard, to limit Chinese imports as necessary to prevent such market disruption?

Answer 3:

The Administration is committed to the vigorous enforcement of all of the mechanisms available to the United States for safeguarding U.S. industry and workers against unfairly traded imports from China once China becomes a Member of the WTO. One of the most important of these mechanisms is the product-specific safeguard mechanism that we fought for and were able to include in our 1999 bilateral agreement with China. That mechanism has since been multilateralized by the WTO Working Party on China and included in China's accession package, and it has also been incorporated into U.S. law by last year's PNTR legislation (Public Law 106-286).

We believe that this safeguard mechanism will be quite effective and will protect U.S. industry and workers whenever import surges from China cause or threaten to cause market disruption. It provides stronger and more targeted relief, and it makes this relief available through a lesser showing of injury, than under normal WTO rules and existing U.S. law.

As incorporated into U.S. law by the PNTR legislation, this mechanism, when invoked, first requires the U.S. International Trade Commission (ITC) to conduct an investigation and to make a determination as to whether rapidly increasing Chinese imports are causing or threatening to cause market disruption. When the ITC's determination is affirmative, USTR then becomes involved. It publishes notice of any measure that it proposes to be taken, solicits and considers interested parties' views "on the appropriateness of the proposed measure and whether it would be in the public interest" and ultimately makes "a recommendation to the President concerning what action, if any, to take to prevent or remedy the market disruption." At that point, it is up to the President to decide on "the appropriate action, if any, to take to prevent or remedy the market disruption." The PNTR legislation, moreover, sets out the standards that the President must follow in this situation. It provides that the President "shall" proclaim increased duties or other import restrictions with respect to the investigated products "unless the President determines that provision of such relief is not in the national economic interest of the United States or, in extraordinary cases, that the taking of action . . . would cause serious harm to the national security of the United States." It adds that the President "may determine . . . that providing import relief is not in the national economic interest of the United States only if the President finds that the taking of such action would have an adverse impact on the United States economy clearly greater than the benefits of such action."

I can assure you that the Administration will carefully adhere to all of these procedures and standards whenever deciding on the appropriate action to be taken under this safeguard mechanism.

Question 4: The House recently voted to cut \$18 million from the Export-Import Bank's budget, a signal of disapproval of Ex-Im's loan guarantee approved by the Bank in December to China's Benxi Steel Mill. As I understand it, the loan to Benxi increased its hot roll steel capacity by 11.5 million metric tons at a time when the world capacity is in excess of 280 million tons. Also, it is my understanding that a dumping case is now underway against Benxi at the International Trade Commission. In April, Commerce preliminarily found a 67.44 percent dumping margin for Benxi on hot rolled carbon steel, the highest margin found by the Commerce Department of six Chinese companies currently being investigated. The World Bank has made similar loans to Chinese steelmakers in the past.

The world steel market is several hundred million metric tons above sustainable capacity, Excess steel is routinely dumped in the open U.S. market, injuring U.S. steel producers and threatening the long-term viability of our manufacturing base. I believe that the United States must oppose any projects that would have the effect of bolstering foreign steelmaking capacity as plainly counterproductive to what the President us trying to accomplish in multilateral steel negotiations. When we help create additional steel capacity in foreign countries, that steel might very well be re-directed towards the U.S. market, thereby displacing thousands of steelworkers and their families, at a time when 19 U.S. steel companies have entered bankruptcy and the industry is in crisis. Can you assure me

that this Administration will block further efforts by U.S., and international financial institutions – which are partially or wholly funded by American tax dollars – to assist foreign steelmakers in increasing their steelmaking capacity?

Answer 4:

This Administration is opposed to government-funded lending for the expansion of foreign steelmaking capacity. Recently, Ambassador Zoellick met with the chairman of the U.S. Export-Import Bank and expressed concern about past loans that would support the expansion of foreign steelmaking capacity.

This Administration is also committed to opposing any lending by international financial institutions, such as the World Bank, that would substantially expand foreign steelmaking capacity.

As you know, this Administration is committed to addressing the problems in the global steel trade caused by excess inefficient steelmaking capacity. As we work to address these problems through international negotiations to reduce excess steelmaking capacity, we will also continue to oppose government-funded lending that would expand foreign steelmaking capacity.

**STATEMENT OF ROSARIO MARIN
NOMINEE FOR UNITED STATES TREASURER
BEFORE THE COMMITTEE ON FINANCE
UNITED STATES SENATE**

Thank you. Chairman Baucus, Ranking Member Grassley, and Members of the Committee on Finance, I am honored to appear before you today.

President Bush has bestowed upon me a great honor by nominating me to serve as Treasurer of the United States. If confirmed, I look forward to working closely with this Committee, the Senate, and with members of the House of Representatives on issues related to the Office of the Treasurer.

I would like to express my great appreciation for this fine nation, where one of its immigrants can be considered for such a distinguished post as United States Treasurer.

Before proceeding any further, I would like to take this opportunity to thank my family. God blessed me with a wonderful set of parents, Mariano and Carmen Spindola, whose work ethic and faith have been the foundation of my life. My brothers Fernando, Mariano and Daniel, and my sisters Margarita and Nancy all of whom have always been supportive. The love of my life Alex, a husband second to none who is with me here today; and three beautiful children Eric, Carmen and Alex, who by the wisdom of God, have filled my life with joy and inspiration.

I ask the committee to indulge me in a very personal and very emotional effort to try to express my deep personal gratitude to this remarkably generous country.

When I came from Mexico at age 14, I did not speak English. I was frightened. After finishing high school, I had to work to help my family. I went to college at night and seven years later; I graduated from California State University in Los Angeles. I worked for two banking institutions for a total of seven years. I was going to be named Assistant Vice President for City National Bank, when, suddenly my life changed. I gave birth to my son Eric, now a handsome young man with Down Syndrome. Accepting that my financial career was on hold at that time, I dedicated my life to my new found treasure, people with disabilities and their families.

If confirmed, I look forward to returning to issues relating to our nation's money and, more specifically, having oversight of its production and safekeeping.

Mr. Chairman and members of the committee, I am deeply honored to be considered for the privilege to serve our country in this capacity. I would like to thank President Bush and Secretary O'Neill for the confidence they have shown in me, and I will work to earn your confidence. I am of the belief that "Of him to whom much is given, much is expected". America has given me so much. I promise to work diligently with this committee on all matters that you may wish to raise with the Office of the Treasurer. I hope that this will be the beginning of a fine working relationship.

Thank you for your time, I would be pleased to answer any questions.

**SENATE FINANCE COMMITTEE
STATEMENT OF INFORMATION REQUESTED OF NOMINEE**

A. BIOGRAPHICAL INFORMATION

1. Name: (Include any former names used.)
Rosario Marin. Maria del Rosario Spindola Morales
2. Position to which nominated:
U.S. Treasurer
3. Date of nomination: *June 26, 2001*
4. Address: (List current residence, office, and mailing addresses.)
Home: 2711 Belgrave Ave., Huntington Park, CA 90255
Office AT&T: 611 W. 6th St. Los Angeles, CA 90012
Office City of Huntington Park: 6550 Miles Ave., Huntington Park, CA 90255
5. Date and place of birth:
08/04/58 Mexico City, Mexico
6. Marital status: (include maiden name of wife or husband's name.)
Married. Alvaro Alejandro Marin
7. Names and ages of children:
Eric Alexander Marin, 15
Carmen Michele Marin, 11
Alex Whitford Marin, 9
8. Education: (List secondary and higher education institutions, dates attended, degree received, and date degree granted.)
East Los Angeles Community College 1/77 to 6/80
California State University, Los Angeles 6/80 to 9/88 Bachelors of Science 9/83
Harvard University, Senior Executive of State and Local Govt. 6/98 to 6/98
9. Employment record: (List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment.)
Councilwoman, City Council of Huntington Park, CA elected 4/94 to Present
Consultant for AT&T, Los Angeles, CA 4/00 to Present
Senior Advisor to Chairman, Lexicon, Los Angeles, CA 1/99 to 4/99
Deputy Dir of Gov. Office of Comm Relations, Los Angeles, CA 5/97 to 12/98
Asst. Dep Dir Dept of Social Svcs, Los Angeles, CA 10/96 to 5/97
Chair CA State Council on Dev. Disabilities, Sacramento, CA 3/93 to 9/96
Chief Leg. Affairs Dev. Disabilities, Sacramento, CA 4/92 to 12/93

Housewife / Volunteer Huntington Park, CA 7/86 to 4/92
 Founder, Ex. Director (Volunteer) FUERZA Inc. Huntington Park, CA 7/86 to 4/92
 Sales & Marketing Support, City National Bank Los Angeles, CA 1/81 to 7/86

10. Government experience: (List any advisory, consultative, honorary, or other part-time service or positions with Federal, State or local governments, other than those listed above.)
 Member of the Administration on Developmental Disabilities Multicultural Committee 11/93 to 11/96
11. Business relationships: (List all positions held [for the past 10 years] as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, other business enterprise, or educational or other institution.)
 None
12. Memberships: (List all memberships and offices held in professional, fraternal, scholarly, civic, business, charitable, and other organizations.)

Southeast Community Development Corporation – Director Since 1994
 Special Olympics Inc - Director since 6/1996
 California Film Commission – Commissioner since December 31, 1998
 National Assn of Latino Elected and Appointed Officials –Member since 1990
 National Council of La Raza - Member 2000 expired 2001
 LA County Sanitation District – Director 99-00, Alternate 95,
 League of California Cities, President Mayors and Councils - since 2000
 MOTTEP (Minority Organ Transplant & Tissue Ed Project – Dir. since 1998
 Independent Cities Risk Management Authority – Director 1994 Pres 97, 98, 99
 League of California Cities, Latino Caucus – Director – since 1995
 HOPE (Hispanas Organized for Political Equality) – Director 2001
 South East Water Agencies Coalition – Director 1995 and 1996
 Alameda Corridor – Alternate Director 1995 and 1996
 Mission and Community Hospital – Director 1994, 95
 Lincoln Hospital – Director 1997
 Southern CA Association of Govt Housing & Comm Dev. Member 94, 95, 96
 FUERZA (Disabilities org. for Spanish-speaking Fam)- President 1987 - 92

13. Political affiliations and activities:
- a. List all public offices for which you have been a candidate.
 City Council of Huntington Park. Elected in 4/94 and Reelected 3/99
- b. List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.
 2nd Assistant Secretary of the CA Republican Party elected 2/01
 Spokesperson of the Republican Party for the last 7 years
 Vice President of the CA Republican National Hispanic Assembly 98/99
 Delegate to the San Diego Republican Convention in 1996

Elected Secretary of the CA Delegation for George W. Bush, Philadelphia Convention 2000

- c. Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more for the past 10 years.

Governor Pete Wilson Reelection \$450, 1994
 Committee to Elect Ed Escareno, \$99 12/29/96
 Committee to Re-Elect Victoria Castro \$50 4/6/97
 Dave Sterling for Attorney General, \$99 5/3/98
 Committee to Elect Rocky Delgadillo \$50 5/11/00
 GW for President \$1,000, 6/21/00
 Ruth Castro for School Board \$50 7/20/00
 Committee to Elect Ed Escareno, \$100 12/20/00
 Noguez Campaign Committee \$99 2/11/01

14. Honors and Awards: (List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals, and any other special recognitions for outstanding service or achievement.)
 City of Los Angeles, Commendation 10/86
 Role Model Florence Elementary School 6/92
 The Rose Fitzgerald Kennedy Prize, Joseph P. Kennedy Foundation 6/95
 Comite de Beneficiencia Guatemalteca, MAYA Award, Los Angeles, 9/95
 Litton Hispanic Employees Assoc. for service to Hispanic Comm. 9/95
 Training and Research Foundation, Los Angeles, 9/96
 CA Fed of Womens' Clubs Inducted in International Hall of Fame 11/97
 Huntington Park Library a Book a Friend for Life 7/98
 Gobierno del Estado de Jalisco Commendation, Jal Mexico 8/99
 Damas de Las Americas for Community Service 1/00
 HOPE –PAC Latina Leadership Awards 2/00
 Excellence in Public Service Award at the Latino Perspectives Conference Sacramento, 4/00
 Lincoln Clubs, for service to the Republican Party, Los Angeles, 9/00
15. Published writings: (List the titles, publishers, and dates of all books, articles, reports, or other published materials you have written.)
 None
16. Speeches: (List all formal speeches you have delivered during the past five years which are on topics relevant to the position for which you have been nominated. Provide the Committee with two copies of each formal speech.)
 None
17. Qualifications: (State what, in your opinion, qualifies you to serve in the position to which you have been nominated.)
 My experience in the banking industry, my formal education in business administration, coupled with my experience as an elected and appointed official have given me the skills to meet the challenges the Treasurer's position entails

B. FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, associations, or organizations if you are confirmed by the Senate? If not, provide details.
If appropriate, I would appreciate continue serving in the Special Olympics Inc. Board of Directors. As the mother of a young man with Down Syndrome, this worldwide and outstanding organization will provide me with the opportunity to continue my life's passion to help people with disabilities.
2. Do you have any plans, commitments, or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, provide details.
NO
3. Has any person or entity made a commitment or agreement to employ your services in any capacity after you leave government service? If so, provide details.
NO
4. If you are confirmed by the Senate, do you expect to serve out your full term or until the next Presidential election, whichever is applicable? If not, explain.
YES

C. POTENTIAL CONFLICTS OF INTEREST

1. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.
NONE
2. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.
NONE
3. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any legislation or affecting the administration and execution of law or public policy. Activities performed as an employee of the Federal government need not be listed.
In my capacities as a state official and/or local elected official I have participated in lobbying efforts to members of congress and senators to secure passage and/or influence budget proposals for local programs.
As a mother and an advocate for people with developmental disabilities and also as a state official, I participated in influencing the reauthorization of the Developmental Disabilities Act. In addition in April of this year, I testified before the Senate Appropriations Committee hearing on the Health Care Status and Needs of People with Mental Retardation in Alaska, before Senator Ted Stevens

4. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Provide the Committee with **two** copies of any trust or other agreements.)
There will be no conflict as I no longer will hold those positions.
5. **Two** copies of written opinions should be provided directly to the Committee by the designated agency ethics officer of the agency to which you have been nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position.
6. The following information is to be provided only by nominees to the positions of United States Trade Representative and Deputy United States Trade Representative:

Have you ever represented, advised, or otherwise aided a foreign government or a foreign political organization with respect to any international trade matter? If so, provide the name of the foreign entity, a description of the work performed (including any work you supervised), the time frame of the work (e.g., March to December 1995), and the number of hours spent on the representation.

D. LEGAL AND OTHER MATTERS

1. Have you ever been the subject of a complaint or been investigated, disciplined, or otherwise cited for a breach of ethics for unprofessional conduct before any court, administrative agency, professional association, disciplinary committee or other professional group? If so, provide details.
NO
2. Have you ever been investigated, arrested, charged, or held by any Federal, State, or other law enforcement authority for a violation of any Federal, State, county or municipal law, regulation, or ordinance, other than a minor traffic offense? If so, provide details.
NO
3. Have you ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.
NO
4. Have you ever been convicted (including pleas of guilty or *nolo contendere*) of any criminal violation other than a minor traffic offense? If so, provide details.
NO
5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.
NONE

E. TESTIFYING BEFORE CONGRESS

1. If you are confirmed by the Senate, are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be, reasonably requested to do so?
YES
2. If you are confirmed by the Senate, are you willing to provide such information as is requested by such committees?
YES

STATEMENT OF JANET REHNQUIST
NOMINEE FOR INSPECTOR GENERAL
OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES
BEFORE THE COMMITTEE ON FINANCE

UNITED STATES SENATE

Chairman Baucus, Senator Grassley and other distinguished Committee Members, it is an honor to appear before you today as the nominee for the Inspector General for the Department of Health and Human Services. I would like to thank the President and Secretary Thompson for their confidence in me in nominating me to this important position. As a former counsel on the Senate Permanent Subcommittee on Investigations and as an intern for the Senate during college, I have a tremendous respect for this institution and the work of the Committee Members. Never during my days as a Senate staffer did I envision appearing before this Committee as a nominee and I want to thank each of you for giving me the opportunity. I believe that my sixteen years as a practicing attorney, with experience in the private sector, the White House Counsel's Office in the first Bush administration, and particularly the last several years as an Assistant United States Attorney pursuing health care fraud enforcement cases, has prepared me for these responsibilities.

MISSION OF THE OFFICE OF INSPECTOR GENERAL

As you know, the Office of Inspector General (OIG) was created in 1976 and is statutorily charged with protecting the integrity of the Department's programs, as well as promoting their economy, efficiency and effectiveness. The OIG meets this statutory mandate through a comprehensive program of audits, program evaluations, and investigations designed to improve the management of the Department and to protect its programs and beneficiaries from fraud, waste and abuse. The OIG's role is to detect and prevent waste, fraud and abuse, in the literally hundreds of programs administered by HHS -- programs that touch the lives of virtually every American, especially many of our most needy and vulnerable citizens.

This is a vital mission and, if confirmed, I look forward to focusing on how the OIG can do its job even better, to ensure that beneficiaries are protected and that tax payer dollars are used wisely and responsibly without placing undue burdens on providers. I look forward to working with the Administration to improve the efficiency and operation of the Federal health care programs. At the same time, I recognize that an essential underpinning of the OIG's mission is to maintain its independence, neutrality and nonpartisanship. The strength and credibility of the OIG's recommendations rest, in no small part, on its mandate to remain free from responsibility for day-to-day program operations, so that it can objectively and independently analyze those programs.

OVERVIEW OF ROLE OF THE OFFICE OF INSPECTOR GENERAL

There has been an unparalleled coordinated and cooperative response by the Congress and the Executive Branch of government to the problem of health care waste, fraud and abuse since Congress enacted the Health Insurance Portability and Accountability Act of 1996 (HIPAA). In the past few years, the OIG has been able to expose and measure the problem more accurately than ever before. However, there is always more to do. Due to the complexity of the Federal health care programs and the vast amount of money flowing through the program, there will always be those who will continue to seek loopholes and siphon off those dollars earmarked for maintaining and improving the health of the elderly, disabled, and other beneficiaries of Federal health care programs in this country. In my view, the ongoing work of the OIG has two primary goals in this area. First, the OIG must help protect the taxpayers and ensure quality healthcare for those program beneficiaries. Second, the OIG must also make the Federal health care program environment one in which honest providers can operate on a level-playing field. Honest providers should not be put at a competitive disadvantage with those who intentionally set out to defraud the Federal health care programs or abuse Federal health care program beneficiaries.

OFFICE OF INSPECTOR GENERAL/HEALTH CARE PROVIDER PARTNERSHIP

The OIG has made numerous efforts in the past few years to work with health care providers. One of my focuses as Inspector General will be the recognition that the continued participation of all types of health care providers is critical to the continued success of the Federal health care programs. All health care providers have been profoundly affected by recent reforms to the Federal health care programs such as changes in the payment systems for hospitals and nursing facilities. Their operations are also affected by the Federal health care program regulations and procedures.

It is imperative that we work to provide information to health care providers, particularly physicians, regarding compliance with the laws, rules, and policies governing their participation in and submission of claims to the Federal health care programs. The recent Medicare program improper payment audit indicated that providers were doing a very good job of negotiating their way through the Medicare program rules. This was evidenced by the fact that 93% of all Medicare payments to health care providers were free of error. Yet, providers still have legitimate concerns about navigating program complexities, inconsistencies, and administrative burdens. Providers also need reassurances that they will not be assessed penalties for honest errors.

I expect that the OIG will help provide further means, primarily through education and communication, to give health care providers the understanding and assurances they deserve in furnishing health care items and services to Federal health care program beneficiaries. I intend to stress the importance of education and communication with the provider community. I look forward to working with the Centers for Medicare and Medicaid Services (CMS), Congress and health care providers in finding ways to do this.

GOALS FOR THE FUTURE

Thanks to the support the OIG has received from Congress and the healthcare community in its fight to prevent fraud, waste and abuse in the Federal health care programs, the past few years have seen a marked decrease in Federal health care program costs without compromising the quality of health care services provided to beneficiaries. However, more can and should be done.

1. Policy Development and Oversight

Traditionally, the OIG has looked at existing health care regulatory and payment systems and created recommendations for how to improve their efficiency and effectiveness, thereby eliminating fraud that has already occurred within the system. It is equally important for the OIG to be involved early in the policy development stage. The studies produced by the OIG can help provide road maps of the areas where waste, fraud and abuse are likely to occur. Reliance on this objective data can inform and guide managers in developing policies and systems in ways that will prevent fraud. Similarly, once policies are in place, the programs must continue to be monitored to identify deficiencies promptly to make adjustments when needed. Incorporating these types of controls into policies as they are being developed will help reduce the likelihood of fraud, waste or abuse occurring once the policies are fully implemented.

In addition to helping create more comprehensive policies with internal controls, the OIG can also help develop the monitoring and assessment tools that will be needed for future reforms. One way to achieve this is by specifying the cost and encounter data that the Department, Congress, the health care industry and Federal health care program beneficiaries will need to annually assess the cost, effectiveness and efficiency of any new reforms enacted.

2. Implement and Enforce Fraud and Abuse Laws to the Fullest Extent Possible

As an Assistant United States Attorney for the Department of Justice in the Eastern District of Virginia, I had the opportunity to participate first hand in enforcing the Federal fraud and abuse statutes. I also had the opportunity to see that as the nature of health care fraud changes, so must our approaches to combating it. We must look at the way we enforce the health care fraud statutes and work to maintain the consistency of their application in addition to focusing on cases in which there is evidence of providers deliberately setting out to defraud the Federal health care programs.

The False Claims Act, Civil Monetary Penalties Law and Exclusion statutes are all important tools for health care fraud prosecutors to use to maintain the integrity of the Federal health care programs. We need to find ways to maintain the full force of these statutes while working to ensure the penalties assessed are commensurate with the underlying conduct at issue.

Twelve years ago, as counsel to the Permanent Subcommittee on Investigations, together with the Office of Inspector General, we conducted an extensive investigation of the Medicare Secondary Payer program. That partnership between Senate staff and the OIG opened my eyes to the nature and extent of fraud and abuse in the Medicare program. As Inspector General, I will pledge to continue that partnership as we work together to protect the integrity of the Department's programs and their beneficiaries.

CONCLUSION

The efforts of a large number of people have resulted in tangible progress in combating fraud, waste, and abuse in the Department's programs in recent years. However, the problems that remain are serious, complicated, and have profound consequences. Structural reforms, new partnerships, and new ways of thinking are necessary to address these problems and continue the mission of the OIG. Part of that effort will involve working with the Senate and all of Congress. If confirmed as Inspector General, I will pledge immediate attention to inquiries from Congress to ensure that there is maximum communication between the OIG and its partners on Capitol Hill.

I also intend to be vigilant in ensuring that the OIG continues its efforts to protect the integrity of the Federal health care programs. Due to the tremendous volume of claims and amount of Federal dollars involved, there will always be those who will continue to take

advantage of program vulnerabilities for their own unjust enrichment. I welcome the opportunity to serve in a role that will help ensure the longevity and integrity of the Federal health care programs thereby guaranteeing quality health care to millions of Americans for years to come.

Thank you again for your consideration of my nomination, and for the honor and privilege of appearing before you today. I would now be happy to answer any questions you might have.

**SENATE FINANCE COMMITTEE
STATEMENT OF INFORMATION REQUESTED OF NOMINEE**

A. BIOGRAPHICAL INFORMATION

1. Name: (Include any former names used.)
Janet Rehnquist
Janet Lynch (married name 1984-1995)
2. Position to which nominated:
Inspector General, Department of Health and Human Services
3. Date of nomination: June 5, 2001
4. Address: (List current residence, office, and mailing addresses.)
Residence: 4900 N. 34th Road Arlington, VA 22207 (mailing address)
Office: 2100 Jamieson Avenue Alexandria, VA 22314
5. Date and place of birth:
May 4, 1957 Phoenix, Arizona
6. Marital status: (Include maiden name of wife or husband's name.)
Divorced
7. Names and ages of children:
Natalie Ann Rehnquist Lynch DOB 7/18/88
Claire Rehnquist Lynch DOB 11/23/90
8. Education: (List secondary and higher education institutions, dates attended, degree received, and date degree granted)
University of Virginia School of Law J D 1985

12. Memberships: (List all memberships and offices held in professional, fraternal, scholarly, civic, business, charitable, and other organizations.)

Member	Virginia State Bar
Member	District of Columbia Bar
Member	Fourth Circuit Judicial Conference
Member	Federal Bar Association
Member	Alexandria Bar Association
Member	Lutheran Church of the Redeemer
Member	University of Va. Alumni Association
Member	McLean Racquet and Health Club
Member	United States Tennis Association
Member	Jamestown PTA
Member	Williamsburg PTA
Member	Girl Scouts of America

13. Political affiliations and activities:

- a. List all public offices for which you have been a candidate.
None
- b. List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.
Lawyers for Bush Committee 2000
- c. Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more for the past 10 years.
\$250 David McIntosh 1993

14. Honors and Awards: (List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals, and any other special recognitions for outstanding service or achievement.)

I received several small fellowships during law school.

15. Published writings: (List the titles, publishers, and dates of all books, articles, reports, or other published materials you have written.)

Of course, as an Assistant U.S. Attorney, I filed briefs and pleadings on behalf of the United States. Similarly, as an attorney in private practice, I filed briefs on behalf of clients. I believe I wrote the subcommittee report on the Medicare Secondary Payer program investigation when I worked on PSI.

16. Speeches: (List all formal speeches you have delivered during the past five years which are on topics relevant to the position for which you have been nominated. Provide the Committee with **two** copies of each formal speech.)
None.
17. Qualifications: (State what, in your opinion, qualifies you to serve in the position to which you have been nominated.) See Attachment.

B. FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, associations, or organizations if you are confirmed by the Senate? If not, provide details. Yes.
2. Do you have any plans, commitments, or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, provide details. No.
3. Has any person or entity made a commitment or agreement to employ your services in any capacity after you leave government service? If so, provide details. No.
4. If you are confirmed by the Senate, do you expect to serve out your full term or until the next Presidential election, whichever is applicable? If not, explain. Yes.

C. POTENTIAL CONFLICTS OF INTEREST

1. Indicate any investments, obligations, liabilities, or other relationships which could involve potential conflicts of interest in the position to which you have been nominated.

According to responsible ethics officials, any potential conflicts of interest will be resolved pursuant to the terms of my ethics agreement, in which I agree, if confirmed, to divest my stock portfolio of certain holdings they believe may cause potential conflicts.

2. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

None.

3. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat, or modification of any legislation or affecting the administration and execution of law or public policy. Activities performed as an employee of the Federal government need not be listed.

None.

4. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Provide the Committee with **two** copies of any trust or other agreements.)

See response to question C1 above. Also, copies of trust agreements are attached.

5. **Two** copies of written opinions should be provided directly to the Committee by the designated agency ethics officer of the agency to which you have been nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position.

According to Andrew Caplan, Office of General Counsel, DHHS, this has been accomplished.

6. The following information is to be provided only by nominees to the positions of United States Trade Representative and Deputy United States Trade Representative:

Have you ever represented, advised, or otherwise aided a foreign government or a foreign political organization with respect to any international trade matter? If so, provide the name of the foreign entity, a description of the work performed (including any work you supervised), the time frame of the work (e.g., March to December 1995), and the number of hours spent on the representation.

D. LEGAL AND OTHER MATTERS

1. Have you ever been the subject of a complaint or been investigated, disciplined, or otherwise cited for a breach of ethics for unprofessional conduct before any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

No

2. Have you ever been investigated, arrested, charged, or held by any Federal, State, or other law enforcement authority for a violation of any Federal, State, county or municipal law, regulation, or ordinance, other than a minor traffic offense? If so, provide details.

No.
3. Have you ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

Yes.
 - A. I was a no-fault defendant in my divorce proceeding, Lynch v. Rehquist. Divorce decree entered 12/30/96 in the Circuit Court of Fairfax County
 - B. I am currently a member of a class action, John Doe v. U.S., 98-896-C (Court of Federal Claims). This is the lawsuit against the Department of Justice for failure to pay attorneys compensatory time or overtime as required by law.
4. Have you ever been convicted (including pleas of guilty or *nolo contendere*) of any criminal violation other than a minor traffic offense? If so, provide details.

No.
5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

E. TESTIFYING BEFORE CONGRESS

1. If you are confirmed by the Senate, are you willing to appear and testify before any duly constituted committee of the Congress on such occasions as you may be reasonably requested to do so?

Yes.
2. If you are confirmed by the Senate, are you willing to provide such information as is requested by such committees?

Yes.

August 1, 2001

Honorable Max Baucus
Chairman
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

Re: Responses to Written Questions

Dear Mr. Chairman:

In response to your letter dated July 31, 2001, which I received last evening, here are my responses to the written questions you posed to me.

1. What is an acceptable level of error that we should be willing to accept in the Medicare fee-for-service program?

It is important to distinguish the Medicare fee-for-service error rate from the rate of fraud. We must have no tolerance for fraud or abuse of the Medicare program and I am fully committed to continuing the Office of Inspector General's (OIG) successful campaign against healthcare fraud.

The fee for service error rate has dropped significantly since the OIG began auditing the program's financial accountability. While I would like to hope that we can achieve a "zero error" rate for the Medicare program, I do not think that is either realistic or practical. Rather, once the Centers for Medicare and Medicaid Services (CMS) achieves an error rate of 5 percent or below, a cost-benefit analysis should be performed before taking additional corrective action.

Chairman Baucus – Page 2

2. What are your specific ideas to further reduce this rate? Four years from now, what is your goal for the Medicare error rate?

There are three specific things which I believe can be done to continue to reduce the Medicare fee-for-service error rate. First, it is imperative that the OIG and CMS continue to educate providers regarding compliance with the laws, rules, and policies governing their participation in and submission of claims to the Federal health care programs. It is primarily by educating providers on how to avoid errors in submitting claims and persuading them of the necessity for doing so that those errors will actually diminish. Second, we must focus on contractor reform so that contractors are more diligent and consistent in enforcing the regulations they are charged with overseeing. Finally, we must maintain a visible and vigorous enforcement effort. It is my hope that implementation of these types of initiatives would result in the Medicare error rate being reduced to under 5 percent within the next four years.

3. What assurances can you give the Committee that you intend to pursue allegations of waste, fraud and abuse within HHS programs?

If confirmed as Inspector General, I assure you that I will aggressively pursue allegations of waste, fraud, and abuse in the federal health care programs as well as other HHS programs. When there is evidence of wrongdoing, I will ensure that the OIG pursues such wrongdoing to the full extent of the law.

Mr. Chairman, you and Senator Grassley earlier asked for my commitment to pursuing allegations of impropriety by recipients of funds under the Ryan White grant program. Perhaps through an excess of caution (ensuring that I not overstep my current authority as a detailee to the Department of Health and Human Services), I apparently mistakenly left you with the impression that I would not address such allegations. I apologize for this miscommunication.

It is my understanding that Committee staff have met with officials of the OIG who specifically committed to undertake both an audit of the Comprehensive AIDS Resources Emergency Act funds and an evaluation of the type and effectiveness of oversight of the program by the Health Resources and Services Administration. I fully endorse these initiatives, and, if confirmed, will personally monitor their progress. If these studies disclose wrongdoing, such impropriety will be pursued to the full extent of the law.

Chairman Baucus – Page 3

4. Could you comment on what changes or programs you plan to implement within the first 90 days should you be appointed?

If confirmed, I have two main initiatives that I would like to see started within my first 90 days as Inspector General. The first is working to improve the quality of care for residents in nursing facilities. Working with the Office of Investigations, I want to review all nursing facility cases that are currently being investigated by the OIG to determine patterns of quality of care abuses or other systemic problems in nursing facilities. I also plan to continue the OIG's partnership with the Medicaid Fraud Control Units who ensure quality of care at the state level. Finally, I plan to convene a meeting with interested parties to develop an integrated response to this serious problem.

A second focus, if confirmed, will be to have the OIG involved in providing objective analysis to assist senior HHS managers in designing and/or implementing control systems into their programs. These internal controls can be incorporated into the program design from the ground up or in the early stages of program implementation. The OIG can provide road maps which can guide program designers and managers to weak points in the internal control process of a particular program. Systemic weaknesses are generally easier to correct at the design stage or in the early implementation stage of a program, thereby helping to prevent fraud and abuse in the first place and adding to the integrity of a program.

5. What is your vision for the HHS Office of Inspector General?

As stated in my testimony to the Committee, I believe that while the OIG has done a tremendous job of combating fraud and abuse over the past few years, more can and should be done. There are two main areas where the OIG can take a greater leadership role in helping to ensure the continuation of the fight against waste, fraud and abuse.

The first is for the OIG to be involved early in the policy development stage. The studies produced by the OIG can help provide road maps of the areas where waste, fraud and abuse are likely to occur. Reliance on this objective data can inform and guide managers in developing policies and systems in ways that will prevent fraud by minimizing the opportunities for it to occur. Similarly, once policies are in place, the programs must continue to be monitored to identify deficiencies promptly to make adjustments when needed. Incorporating these types of controls into policies as they are being developed

Chairman Baucus – Page 4

will help reduce the likelihood of fraud, waste or abuse occurring once the policies are fully implemented.

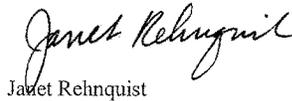
The second area is to ensure that the OIG continue to implement and enforce the Federal fraud and abuse statutes to the fullest extent possible. It is imperative that the OIG look at the way it enforces the health care fraud statutes and work to maintain the consistency of their application. We must focus on cases in which there is reliable evidence of providers knowingly and recklessly setting out to defraud the Federal health care programs. The False Claims Act, Civil Monetary Penalties Law and exclusion statutes are all important tools for health care fraud prosecutors to use to maintain the integrity of the Federal health care programs. The OIG needs to find ways to maintain the full force of these statutes while working to ensure the penalties assessed are commensurate with the underlying conduct at issue.

6. **As Inspector General, will you continue the commitment of your predecessor to aggressively investigate and prosecute the False Claims Act cases against providers who are defrauding the Medicare and Medicaid programs? Will you continue to commit staff resources and expertise necessary to support the DOJ in prosecuting providers who are defrauding any of the government programs which HHS administers?**

As an Assistant United States Attorney, I understand the importance of the False Claims Act as an anti-fraud tool and will certainly continue the commitment of my predecessor in using the False Claims Act in the fight against health care fraud. If confirmed as Inspector General, I would work to find ways to maintain the full force of this statute while also ensuring that it is used fairly and judiciously. I will also pledge to continue to commit staff resources and expertise to support DOJ in pursuing health care fraud cases. In those instances where the OIG does not have the resources to provide such support, I will continue the OIG's existing practice of ensuring that other law enforcement agencies are enlisted to provide that support to DOJ.

Thank you for the opportunity to respond to your questions and have my responses included in the record. Please do not hesitate to contact Carrie Loy at 202.690.6047 if I can be of further assistance.

Very truly yours,



Janet Rehnquist

August 1, 2001

Honorable Charles Grassley
Committee on Finance
United States Senate
135 Hart Senate Office Building
Washington, D.C. 20510

Re: Responses to Written Questions

Dear Senator Grassley:

In response to the letter dated July 31, 2001, which I received last evening from Chairman Baucus containing additional questions from you, here are my responses to the written questions you posed to me.

1. **Do you agree with the Senate Legal Counsel that a request for data or information from the ranking member of a Senate Committee cannot be denied because of the Privacy Act?**

While I have not seen an opinion of the Senate Legal Counsel, I am generally familiar with the disclosure policies of the Office of Inspector General (OIG) with regard to Congressional requests for information protected by the Privacy Act of 1974, 5 USC 552a. If confirmed, I pledge to work with both the Chairman and the Ranking Minority Member and those charged with setting Privacy Act policy to accommodate your interests in disclosure.

2. **If you are confirmed, could you please review the Vencor Agreement and report to the Finance Committee if there is a need to significantly depart from this model in future agreements with nursing homes. Also, I would ask for your general views about Corporate Integrity Agreements.**

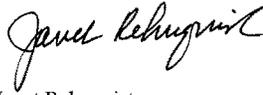
If confirmed, I will review the Vencor Agreement and report to the Finance Committee if there is a need to significantly depart from it in future

Senator Grassley – Page 2

agreements with nursing homes. Also, I believe Corporate Integrity Agreements (CIAs) are an integral part of an effective anti-fraud strategy. The CIAs that have been executed by several of the nation's largest nursing home chains include quality monitors in addition to financial integrity measures. If confirmed, I will continue the OIG's practice of requiring long-term care providers to implement quality assurance measures where the facts indicated patients have received substandard care.

Thank you for the opportunity to respond to your questions and have my responses included in the record. Please do not hesitate to contact Carrie Loy at 202.690.6047 if I can be of further assistance.

Very truly yours,

A handwritten signature in cursive script that reads "Janet Rehnquist". The signature is written in black ink and is positioned above the printed name.

Janet Rehnquist

August 1, 2001

Honorable Jeff Bingaman
Committee on Finance
United States Senate
703 Hart Senate Office Building
Washington, D.C. 20510

Re: Response to Written Question

Dear Senator Bingaman:

In response to the letter dated July 31, 2001, which I received last evening from Chairman Baucus containing an additional question from you, here is my response to the written question you posed to me.

The Office of Inspector General has been in the forefront of federal officials that do object to the use of federal matching funds by states as their share of the Medicaid program. In addition to testifying before this Committee, the OIG has conducted several audits of state UPL arrangements that document how federal Medicaid matching funds are being diverted from their intended purposes. If confirmed as Inspector General, will you conduct more of such audits? Will you continue to urge the Centers for Medicare and Medicaid Services and the Office of Management and Budget to reconsider their approval of Medicaid financing schemes that attempt to match federal dollars with additional federal funding?

I am advised that the Office of Inspector General (OIG) plans to continue to monitor the States' use of funding mechanisms to finance the Medicaid program. Specifically, the OIG draft Fiscal Year 2002 work plan indicates OIG will review additional States' computations of the upper payment limit (UPL) and the use of intergovernmental transfers as a part of the funding mechanisms. If confirmed, I am committed to continuing to work closely with the Centers for Medicare and Medicaid Services (CMS) and to provide

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information to the Office of Management and Budget for analysis. I believe that CMS should require the States to demonstrate that the enhanced payments produced from the UPL calculations are actually provided to the public facilities and that these facilities use the funds to provide Medicaid approved services to Medicaid eligible beneficiaries.

Thank you for the opportunity to respond to your question and have my response included in the record. Please do not hesitate to contact Carrie Loy at 202.690.6047 if I can be of further assistance.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Janet Rehnquist".

Janet Rehnquist

