

**NOMINATIONS OF: J. JOSEPH GRANDMAISON  
KENNETH M. DONOHUE, SR., DIANE L. TOMB  
AND VICKERS B. MEADOWS**

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**HEARINGS**  
BEFORE THE  
**COMMITTEE ON**  
**BANKING, HOUSING, AND URBAN AFFAIRS**  
**UNITED STATES SENATE**  
**ONE HUNDRED SEVENTH CONGRESS**

FIRST SESSION

ON

NOMINATIONS OF:

J. JOSEPH GRANDMAISON, OF NEW HAMPSHIRE, TO BE A MEMBER  
OF THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK  
OF THE UNITED STATES

KENNETH M. DONOHUE, SR., OF VIRGINIA, TO BE INSPECTOR GENERAL  
OF THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

DIANE L. TOMB, OF VIRGINIA, TO BE ASSISTANT SECRETARY  
OF PUBLIC AFFAIRS, U.S. DEPARTMENT OF HOUSING AND  
URBAN DEVELOPMENT

VICKERS B. MEADOWS, OF VIRGINIA, TO BE ASSISTANT SECRETARY  
FOR ADMINISTRATION, U.S. DEPARTMENT OF HOUSING AND  
URBAN DEVELOPMENT

DECEMBER 6 AND 18, 2001

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**AND URBAN DEVELOPMENT**

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**THURSDAY, DECEMBER 6, 2001**

U.S. SENATE,  
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,  
*Washington, DC.*

The Committee met at 10:05 a.m., in room SD-538 of the Dirksen Senate Office Building, Senator Paul S. Sarbanes (Chairman of the Committee) presiding.

**OPENING STATEMENT OF CHAIRMAN PAUL S. SARBANES**

Chairman SARBANES. The Committee will come to order.

We are here this morning holding nomination hearings on two nominees—Joseph Grandmaison of New Hampshire, to be a Member of the Board of Directors of the Export-Import Bank of the United States, and Kenneth Donohue of Virginia, to be Inspector General of the Department of Housing and Urban Development.

Since you are in two entirely different bureaucratic universes, I think we will take you one at a time instead of as a panel. And we will start with Mr. Grandmaison.

The most relevant thing to note is that he has literally just finished serving as the Director of the U.S. Trade and Development Agency, where he was for 7½ years, I think the longest term of service of any Director of the TDA.

The TDA funds feasibility studies and provides other assistance to U.S. companies seeking to become involved in the planning stages of infrastructure and industrial projects in middle-income and developing countries.

In carrying out that work, of course, the TDA works closely with large and small U.S. exporters, with U.S. financial institutions,

works closely actually with the Export-Import Bank, Overseas Private Investment Corporation, OPIC, the Commerce Department, and other Federal agencies, all involved in export promotion.

In addition, under Mr. Grandmaison's leadership, the TDA was an important member and strong advocate in the Trade Promotion Coordinating Committee, which was established by law by this Committee. Since leaving the TDA earlier this year, Mr. Grandmaison has served as an international trade consultant.

Now, obviously, this experience is highly relevant to the work of the Export-Import Bank. It is my view that Mr. Grandmaison's experience and his demonstrated ability in this—and I have not gone all the way back through his resume. I do note that at one point, he worked for the Commerce Department as a Federal Co-Chairman of the New England Regional Commission, whose membership included the New England Governors.

He has had a range of experience that is highly relevant, I think, to the work of the Export-Import Bank. We want to get the Bank up to full strength. We have one other nominee to be a Member of the Export-Import Bank whose hearing has been held, Eduardo Aguirre of Texas. And so, if we can move forward with that nomination and this one, we will be able to bring the Export-Import Bank up to full strength. All five members of the Bank will then have been nominated and confirmed.

Senator Reed, do you have an opening statement?

#### **COMMENTS OF SENATOR JACK REED**

Senator REED. Thank you, Mr. Chairman.

I just want to recognize Mr. Grandmaison, who is an active and very distinguished member of the New England community.

I am pleased to see you here, sir, and I wish you well.

Chairman SARBANES. Senator Miller.

#### **COMMENTS OF SENATOR ZELL MILLER**

Senator MILLER. No, Mr. Chairman, I do not have an opening statement. I just want to thank you for holding this hearing and to welcome today's nominees.

Chairman SARBANES. You do not want to get in on this New England community thing here?

[Laughter.]

Senator REED. We have to stick together. We do not have a lot of territory.

[Laughter.]

Chairman SARBANES. He is from southern New England, maybe.

[Laughter.]

Senator REED. You all are right about that, Mr. Chairman.

[Laughter.]

Chairman SARBANES. Senator Allard has joined us. I am pleased to see that. Do you have an opening statement?

#### **COMMENTS OF SENATOR WAYNE ALLARD**

Senator ALLARD. Yes, Mr. Chairman, thank you. I would like to thank you for holding this hearing. Our witnesses today are both nominated to key positions under the Committee's jurisdictions. I am pleased that the Chairman has moved to fill the vacancies.

Of course, I would like to welcome Ken Donohue to the Banking Committee. Mr. Donohue is nominated to be the Inspector General for the Department of Housing and Urban Development. I believe that this is one of the most important positions at HUD. It is critical that we have an Inspector General in place to help ensure that we continue to see progress on management reform.

As the Ranking Member, of the Subcommittee on Housing and Transportation, I have seen firsthand how helpful the reports of an Inspector General can be. The Inspector General acts as the eyes and ears of the Congress and is expert at routing out fraud, waste, and abuse.

I believe that Mr. Donohue's background will serve him well in his new position. He has extensive experience in criminal investigative matters, and he is a certified fraud examiner.

We have an obligation to both the taxpayers and to those who utilize HUD's programs to ensure that the money is well spent. Mr. Donohue understands this obligation, and I look forward to the opportunity to work with him.

I would also like to welcome Mr. Joe Grandmaison to the Banking Committee. He is nominated to be a Member of the Board of Directors of the Export-Import Bank.

Thank you, Mr. Chairman.

Chairman SARBANES. Thank you.

Mr. Grandmaison, it is our standard procedure to ask witnesses to testify under oath at their nomination hearings. If you would please stand and take the oath.

Do you swear or affirm that the testimony that you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GRANDMAISON. I do.

Chairman SARBANES. Do you agree to appear and testify before any duly-constituted committee of the U.S. Senate?

Mr. GRANDMAISON. I do.

Chairman SARBANES. Thank you very much. We would be very happy to hear your statement.

**STATEMENT OF J. JOSEPH GRANDMAISON  
OF NEW HAMPSHIRE, TO BE A MEMBER OF THE  
BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK  
OF THE UNITED STATES**

Mr. GRANDMAISON. Mr. Chairman, Members of the Senate, I am honored to appear before you as the President's nominee to become a Director at the Export-Import Bank of the United States.

I am deeply appreciative to President Bush for giving me the unexpected opportunity to continue in public service. I am also most appreciative to Majority Leader Daschle, to you, Senator Sarbanes, and to my friend, Senator Dodd, for their support of my nomination. My promise to the President and to each Member of this Committee is that, if confirmed, I will serve with the same dedication, zeal, and purposefulness as I have in my previous Government service.

When I was first asked whether I would be interested in possible service on the Ex-Im Bank Board, my first thought was how perfect that would be to use my 7-plus years of experience as Director of

the Trade and Development Agency. Not only is Ex-Im Bank TDA's sister trade finance agency, along with the Overseas Private Investment Corporation, OPIC, TDA's success is inextricably linked to Ex-Im Bank. In fact, about a third of the exports facilitated by TDA feasibility studies are financed by the Bank.

To have the chance to bring my experience and enthusiasm to Ex-Im Bank; to assist in strengthening our U.S. economy; and to help create and preserve jobs here at home is a singular and special personal and professional opportunity. And U.S. jobs are what it is all about at the Bank.

Last year, Ex-Im Bank financed or insured over \$15 billion of U.S. exports. In today's competitive international market, often it is whoever provides the financing that gets the business. American companies need to be assured they can depend on their Government as their partner in further growing their company's share of the worldwide market. Ex-Im Bank will continue and, with the Administration's and Congress' support, will further strengthen that partnership.

If confirmed, I will have the opportunity and honor to join the President, the Congress, Ex-Im Bank's Chairman John Robson, and his colleagues at the Bank, in serving our Nation's interest.

I would welcome that opportunity and ask for your support.

Thank you.

Chairman SARBANES. Thank you very much.

You have been nominated to serve a term that expires in January 2005. Is it your intention to serve the full length of that term?

Mr. GRANDMAISON. Yes, it is, Senator.

Chairman SARBANES. While you were at TDA, you served as a Member of the Trade Promotion Coordinating Committee. What is your view of the work of the Coordinating Committee, and how important do you think it is to the U.S. export effort?

Mr. GRANDMAISON. I believe it is very important, Senator. Among other things, what it does is it sends a message throughout the operating bureaucracies of each of the member agencies that they are supposed to be working together.

I was pleased when I learned of Secretary Evans' commitment to a renewed TPCC. Obviously, it is leadership that is necessary and having the new Secretary of Commerce fulfill that role is going to be exciting.

Also, as you know, Mr. Robson, as President of the Ex-Im Bank, serves as Vice Chair at the TPCC. And if called upon, I would obviously do whatever he asked of me to help further those relationships among agencies.

Chairman SARBANES. I am interested in your view about the tied-aid credit fund, whereby we seek to match credit terms offered by other foreign export credit agencies. What is your view of the need for the fund and how it should be utilized?

Mr. GRANDMAISON. Senator, the fund is terribly important as a tool. In many ways, what it does is it helps us fulfill the broader Government policy, our Government's policy, relative to concessional financing, having it available to use. Now it is an even better tool if, when called upon for very specific reasons, it is actually put into play.



I think one has to use it wisely. I think one has to be conscious of the overall Government policy relative to concessional financing. But, again, as a constructive mechanism to help us fulfill and assist our companies in being competitive, it is very important.

Chairman SARBANES. What do you understand the overall Government policy toward concessional financing to be?

Mr. GRANDMAISON. Well, as I understand it, Senator, it is that concessional financing should not be granted and that the market should prevail. And that is an exemplary matter of public policy. Many of our competitors observe and abide by the OECD rules. Others perhaps often work at the margin. That is where having the ability to use the tied-aid fund I would think comes into play.

Actually, I think it is our perception that the use of the tied-aid fund, or its potential use, has been very helpful in getting the OECD to adopt limitations and restrictions on the use of concessional financing by its member nations.

Chairman SARBANES. I would like to explore with you the issue of market windows, the government-sponsored enterprises used by foreign countries, Canada and Germany are two leading examples, to provide subsidized export credits outside of the requirements of the OECD arrangement on export credits. Do you have any view on how serious this problem is and how the United States should respond to it?

Mr. GRANDMAISON. Senator, it is my understanding that the threat of it becoming serious is there. Now, we do not as yet know that for a fact. Therefore, at this point in time, what would appear to make most common sense and business sense is to continue to track and to identify what are the transactions that are falling into that classification when it comes to our competitors who are using market windows to, if you will, expand what they consider to be their horizons.

Chairman SARBANES. Well, I see that my time is almost expired. I will yield to Senator Allard.

Senator ALLARD. Thank you, Mr. Chairman.

As I think I indicated to you in our previous conversations, I have been working to establish an Office of the Inspector General at the Export-Import Bank. Do you support establishing an IG at the Bank?

Mr. GRANDMAISON. Senator, you expressed to me your belief that whoever becomes a Director at the Bank must walk in with an open mind. And I promised you that I would do so.

I share your belief in the accountability factor, in always keeping in mind that it is taxpayer money that the Bank is using. And should that become the case, you have my commitment that I will do everything possible to make it work successfully.

Senator ALLARD. In our conversation, you also mentioned that the relationship of conflicts is less productive for both offices. I just want to make it clear that you would pledge to strive for a productive and coordinated relationship, if we should have the inspector general, with the inspector general. Is that right?

Mr. GRANDMAISON. Yes, sir.

Senator ALLARD. Thank you. Mr. Chairman, I yield my time.

Chairman SARBANES. Senator Reed.

Senator REED. Thank you very much, Mr. Chairman.

And thank you, Mr. Grandmaison, for your willingness to come forward again and serve this country. You have a very distinguished career, both as a businessman and also as a civic leader, and we thank you for that.

One of the criticisms that we hear about Government all the time is that it has to be run more like a business. This agency seems to be one of those agencies that can and should run a lot like a business, a financial institution. And some criticism I have heard is that there is not either the resources or the ability to leverage the private sector to help out in your mission. Could you comment upon that as you go forward?

Mr. GRANDMAISON. Senator, I agree with the philosophy that there are many things in Government that should be run more like a business and there are business practices that can be adopted. But I would add that one has to also keep in mind that there are public policy issues and that it is not a business in the normal use of the word.

The cooperation between the Ex-Im Bank and its clients, the American business community, has to be a partnership. And ever-increasingly, you see where U.S. companies would prefer that it would be a level playing field overseas in every sense of the word so that they would not have to come to us with their business.

Often that is just not as practical as one would hope, particularly when it comes to small businesses. Those are the ones that have the most difficult time maximizing opportunities.

Senator REED. I think, Mr. Grandmaison, coming from our part of the country, most of our businesses are small businesses. It is incumbent upon Ex-Im Bank to, I think, more aggressively reach out to indicate to businesses what you are able to provide for them in terms of assistance, and I hope you can do that. In terms of not only reaching out to your potential clients, but also being part of a larger, sort of financial support to the export business.

Some criticism I have had is that there is not that, you know, your mission and you pursue it, but sometimes Ex-Im Bank does not look to see if they can bring other banking institutions in to do deals that will use some of your credits with some other straight financing.

And I wonder if you might have a comment or just simply store that away for reference as you go forward.

Mr. GRANDMAISON. What I would like to do is choose the storing it away, Senator.

Senator REED. That is fine. That is fine.

Mr. GRANDMAISON. I am not that well acquainted with it. But I assure you that I will become better informed.

Senator REED. Well, since we are confirmed automatic expertise in everything by virtue of where we sit, I will accept that response very gratefully.

[Laughter.]

But one further point, and it goes back I think also to the issue that you mentioned in your initial response. I believe that the agency needs to do a lot more of getting the message down to the small businesses of America—north, south, east, and west—who now increasingly depend upon the export market for their livelihood and survival going forward. That would require resources. It

might require different programmatics that you do not have at the moment. And again, I would urge you to let us know if you feel that there is something that we should do in terms of trying for additional resources, additional programmatic responsibilities, or discretion.

I wish you well, and thank you for your service to the country.

Chairman SARBANES. Good. Thank you, Senator Reed.

Senator MILLER.

Senator MILLER. Thank you, Mr. Chairman. And thank you, sir, for continuing to serve in the arena.

I know that you believe that TDA's success is very much linked to Ex-Im Bank's, and I believe that also. And I would be interested if you would care to elaborate a little on how you see the working relationship between the Ex-Im Bank and TDA and the other sister agencies, and how you think that could be improved and how you intend to go about that.

Mr. GRANDMAISON. Well, thank you for that question, Senator, because it is an area I have a deep dedication toward, if you will.

One of the frustrations is that often you run into problems when you ask agencies to cooperate with one another. What I learned at TDA, to be quite honest with you, is perhaps because of how small it is, there was a tendency that you began with the recognition that you could reach into other agencies, that all the expertise was not on the same floor within your agency, so that you aggressively went out and worked with agencies, whether it be the FAA or FEMA or whoever, and called upon that expertise to help you.

What the TPCC does is it sends the message, as I said, right straight through that agency, cooperation is supposed to be the order of the day. And cooperation is even more important when it comes to the three sister trade finance agencies—that the heads of the three agencies, if you will, actually like one another, that they are open to suggestions from one another—and that as often as possible and practical, they meet to find ways to work together, particularly on Senator Reed's point relative to marketing the agencies domestically.

So that is where you can be far more effective, if you go in and conduct a training session in Atlanta utilizing all three agencies together, so that the attendees get a full view of the type of U.S. Government export services that are available to them.

It is less so sometimes on the projects because, to a great extent, that is controlled by the applicant, the person that you are actually assisting. But especially on the marketing side, you can maximize your time and your cost, resource-wise, by working together. And quite honestly, that is one of the more rewarding aspects of being involved in this particular field.

Senator MILLER. Thank you. That is what I wanted to hear. I wish you well.

I do not have anything else, Mr. Chairman.

Mr. GRANDMAISON. Thank you, Senator.

Chairman SARBANES. Do you have a view on how important the support for small business on the part of Ex-Im Bank should be?

Mr. GRANDMAISON. I believe that 90 percent of the transactions that Ex-Im Bank in authorized fiscal year 2001 were with small business. Now the only way that comes about is through aggressive

marketing and is through taking your product, if you will, your services, and being able to explain to people how they can make use of it quickly.

Now part of the explanation as to why Ex-Im Bank has been that successful, I would respectfully suggest, is because of the oversight by Congress that has continually underlined that it be a priority of the agency.

The truth is that it is often easier to work with large companies. It is not as rewarding, however. It does not feel as good. It is not as satisfying as when you work with a small company and help them break into the international market and we get that sale.

So it is a combination of both. But what it takes more than anything else is discipline, discipline and maintaining it as a priority and not forgetting that that is what you are being paid to do.

Chairman SARBANES. Senator Allard.

Senator ALLARD. I have no further questions, Mr. Chairman. Thank you.

Chairman SARBANES. Thank you very much. We appreciate your coming before the Committee.

Mr. GRANDMAISON. Thank you, Senators.

Chairman SARBANES. Mr. Donohue, if you would come on up and take a place at the table.

[Pause.]

Our second nominee that we will be considering this morning is Kenneth Donohue, who has been nominated to be the Inspector General for the Department of Housing and Urban Development.

Mr. Donohue had a long and distinguished career in the Secret Service from 1969 to 1990. He then worked for the Resolution Trust Corporation as an Assistant Director for Investigations. And when he left Government service just a few years ago, he started his own security firm.

If confirmed, Mr. Donohue will be taking the helm of an office that, according to many observers, including the GAO, has experienced some significant troubles. For example, the IG's office ran a program called Operation Safe Home, which, of course, raised important questions about whether the Office of Inspector General should be in the business of running a program at all, whether that is not a basic conflict with their fundamental role.

The GAO found significant problems with the IG's accounting for the Safe Home fund. In fact, the Congress has now eliminated that program from the IG's purview.

We have been fortunate, and I want to express my appreciation to David Williams, who is the Inspector General at Treasury for Tax Enforcement, and who has been doing double-duty by serving as Acting IG at HUD. He has been doing two jobs at the same time and, by all accounts, he has been doing them very well. And I want to express publicly the Committee's appreciation to David Williams for undertaking this responsibility.

He is a very highly regarded Inspector General amongst what I guess one could term the inspector general corps.

Senator Allard, do you have an opening statement?

Senator ALLARD. I do not, no. I included my comments in my previous statement.

Chairman SARBANES. Does anyone else?

[No response.]

Mr. Donohue, if you would stand, I want to administer the oath.

Do you swear or affirm that the testimony that you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DONOHUE. I do.

Chairman SARBANES. Do you agree to appear and testify before any duly-constituted committee of the U.S. Senate?

Mr. DONOHUE. I do.

Chairman SARBANES. Thank you very much, sir. Please take a seat and we would be happy to receive your statement.

**STATEMENT OF KENNETH M. DONOHUE, SR.  
OF VIRGINIA, TO BE INSPECTOR GENERAL OF THE  
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Mr. DONOHUE. Thank you, Chairman Sarbanes.

Before proceeding further, Mr. Chairman, please allow me the pleasure to introduce the members of my family that are with me here today.

First, let me introduce my wife, Kathleen, who currently works at the State Department and raised our wonderful sons while I was traveling the world. Without her support and love, I would not be here today.

Next is my eldest son, Kenneth Martin, who is a military veteran and currently a Police Officer with the U.S. Mint. Timothy Patrick is a Special Agent with the U.S. Secret Service. And finally, my son, Brian Richard, who is a die-hard Hokie of Virginia Tech and now a finance person with a worldwide computer corporation.

I have been blessed with this family that has made many untold sacrifices for me over the years. I am very proud and love them very much.

You can gather by their names that I am of Irish ancestry and I can assure you that my foreign-born parents would be pleased to see their youngest son sitting before this distinguished group of U.S. Senators.

As a child of immigrants—raised in a borough of New York—I know that when my parents sought their dream in America, they found opportunity in the city. That opportunity must continue for others less fortunate.

I am deeply grateful to President Bush and Secretary Martinez for according me the honor of this nomination and, if confirmed, I will serve in this position with enthusiasm and humility.

Chairman Sarbanes and Members of this Committee, I thank you for your willingness to schedule this hearing given the stress of other business during these very difficult times for our country.

During my 21 years of Federal law enforcement with the U.S. Secret Service, I have testified hundreds of times in Federal court and before grand juries relating to criminal investigations. First and foremost, I was taught that a good witness should be brief and to the point.

Members of the Committee, I sit before you with admiration to you for your service to the citizens of this country. The potential opportunity to work with you in the future is an enormous privilege and responsibility.

I can assure you that I am up to the challenge.

In my previous role as Section Chief of a headquarters staff for the Office of Investigations at the Resolution Trust Corporation, the RTC, and later as the Assistant Director, I spearheaded our efforts and successful outcome of working with the other related regulatory and Federal law enforcement agencies from both the Department of Justice and the Department of the Treasury.

When I arrived at the RTC in 1980, we had very few employees assigned to investigations. Those numbers would later grow to approximately 500 staff members located throughout 16 field offices that I indirectly supervised through four regional directors.

By 1996, with a Congressional sunset mandate, we successfully closed these offices and I returned to the Federal Deposit Insurance Corporation. As a member of the national bank fraud working group, we collectively addressed and reported our efforts to Congress on the investigation of the failed savings and loans.

This past governmental experience is not only relevant to my prospective position at the Department of Housing and Urban Development, but will prove to be extremely valuable in performing the duties of Inspector General, if I am confirmed.

My past 5 years have been in the private sector consulting on law enforcement and investigative issues. This also provides a strong foundation for the task that lies ahead, if I am confirmed. For example, I recently completed a multiyear contract with a classified program at the Central Intelligence Agency that interrelated with U.S. corporations.

I have learned firsthand that the corporate world, even though guarded at times toward the Federal Government, has enormous respect for those Government agencies that are responsive to the will and concerns of the American people.

I am aware that HUD has been designated as high risk by the General Accounting Office and criticized by its former Inspector General. If confirmed, I pledge to you and our citizens that I will be a strong manager and my office will commit to the task of aggressively investigating waste, fraud, and abuse. I intend to recruit the best talent to this office and set the highest standards.

I will work with Secretary Martinez in achieving the shared goal of eliminating fraud, waste, and abuse, and ensure that taxpayer dollars go to the programs intended. I will do this while jealously guarding the independence of the office of Inspector General.

If confirmed, I will maintain an open and forthright dialogue with both the Secretary and the Congress during my tenure.

This I pledge and this I promise.

Finally, I enjoy a close relationship with many other current Inspector Generals, and I will seek their advice and counsel.

In this regard, I want to acknowledge and to thank the current Inspector General for the Treasury Tax Administration, Mr. David Williams, who has also served for the past 6 months as the Acting Inspector General at HUD.

Thank you for the opportunity to appear before you this morning. I stand ready to answer any questions you may have.

Chairman SARBANES. Thank you very much, sir.

Let me just say at the outset that I think you are going into a very challenging position that is not only the range of activities in

which HUD is engaged and the interaction it has with both State and local governments and with the private sector that require an active Inspector General's office, but also at least some of us are very troubled by reports we have received in terms of the functioning of the Inspector General's office at HUD in recent years. I would like to explore that with you a bit.

You have been, I take it, over at HUD now as a consultant for how long a period of time?

Mr. DONOHUE. Four or five weeks, Senator.

Chairman SARBANES. First of all, the previous Inspector General had her own press operation. There was actually a press operation in the Inspector General's office. Do you regard this as an appropriate function for an Office of Inspector General?

Mr. DONOHUE. Senator, I see no need for a press office in the Office of the Inspector General. I will address matters that come to my attention from the press. In most cases, I would suspect when they involve the work that we do, it will be collectively done between ourselves and the Department of Justice and we will respond to those accordingly. But I see no reason to have such a press program in the Office of the Inspector General.

Chairman SARBANES. I think David Williams closed it down, did he not, when he went over there?

Mr. DONOHUE. I am not aware of that, Senator.

Chairman SARBANES. Operation Safe Home, which has now been eliminated in the Fiscal Year 2002 HUD Appropriation Bill, I just want to ask you about it so that we get some sense of how you would go at the Inspector General's job.

Robert Murphy, General Counsel of the General Accounting Office, in a letter to Representative Walsh on the House side, August a year ago, raised concerns about the OIG taking responsibility for running a program. Murphy wrote to Walsh: We—meaning the GAO—are concerned about the impact the IG's exercise of such programmatic authority may have on the IG's personal and organizational independence. The letter went on to point out the conflict of interest that this situation could pose to the Office of Inspector General.

Now the previous Inspector General disagreed with those conclusions, and I am interested in your view about the appropriateness of the Inspector General's office itself actually running a program. Do you have any view on that question?

Mr. DONOHUE. Yes, Senator. I have been briefed about the program. My understanding is that this program has been phased out by Congress. I am also aware that they are moving forward with regard to resolving the cases that they may have and hope to have those resolved and transferred to the respective Federal and State agencies by the end of March of next year.

I read the GAO report and I do find issue with the notion of having an operational component such as this within the IG's office. It seems to me that the IG's office must have total uninvolved oversight of programs within the agency itself.

Chairman SARBANES. Its job is to review the conduct of programs by others, not to actually run programs itself, which of course raises the question, if it does that, who reviews the operation of

those programs if the agency which is supposed to be doing the review is running the program?

The GAO earlier this year released a report on Operation Safe Home and found that the IG's office at HUD diverted some \$3.9 million from normal operations to pay the salaries and expenses for that program. In addition, the report found that of the \$37.5 million in funding allocated to the Safe Home task forces, 50 percent remained unspent and 25 percent remained unobligated. Do you know the present status of the unobligated and unspent funds?

Mr. DONOHUE. Senator, I do not. I need to look at the expenditure. I am aware what the intention is, and my intention would be to—Congress has seen fit to continue the budget for this coming year and to reallocate those resources, I believe, to programs that best serve HUD. And that is, programs such as predatory lending and flipping tactics that have gone on nationwide.

Chairman SARBANES. Finally, let me just close out this issue. My time is running out here.

Besides the questions about conflict in management of the Operation Safe Home program, we have had called to our attention a memorandum from an IG special agent to the prior Inspector General, who was the special agent in charge, saying that the IG agents must be instilled with a combat mindset and a certain degree of ruthlessness.

The memo goes on to say that the civilized mindset of many agents in the field will have to change. It must be replaced by the fighting man's requisite ruthlessness. This means that our agents may very well have to rip the mortal coil off a 10-year-old kid or light up a woman, end of quote.

Now the thrust of this memo was trying to say, well, you know, we are doing this Operation Safe Home. This is a dangerous business and our agents really have to sort of be up to it, which is a very important point that needs to be registered on the agents.

On the other hand, this may underscore why Operation Safe Home should not be done by the IG. That kind of work should be done, it seems to me, increasingly by well-trained professional law enforcement people who gear up to do exactly that kind of activity and go through a very severe training program in that regard. Are you at all familiar with this issue?

Mr. DONOHUE. I am a bit, Senator. And I can assure you that what you refer to as cowboy tactics will not be tolerated.

I had the privilege of working for an agency that at one moment, agents would be involved in sensitive investigations and the next minute involved in the protection of the President of the United States. The notion of presenting a professional, thorough, committed organization that can do the task at hand and that I believe the Inspector General is charged to do is what their task will be.

If it involves training, training will be administered. But they will apply their wares in the audit and investigations area specifically to the true task that I see the IG has responsibility over.

Chairman SARBANES. Senator Allard.

Senator ALLARD. Thank you, Mr. Chairman.

It is no secret that I have been a strong advocate of the Government Performance and Results Act, or simply some people refer to it as the Results Act. This is an Act that requires the Government



agencies to create strategic plans based on outcomes rather than processes. And these are measurable, which is very key to outcomes as you set out some goals where you can measure whether there is success or failure. Are you familiar with the Results Act?

Mr. DONOHUE. Yes, in a way I am, Senator.

Senator ALLARD. Part of the responsibility that I view of the Inspector General is to make sure that there is adequate oversight on the programs and that the agency is following through with what Congress intended. Will you work to ensure that HUD utilizes this tool?

Mr. DONOHUE. Yes, I will.

Senator ALLARD. I understand you have been working at HUD as a consultant for about 3 or 4 months. Is that correct?

Mr. DONOHUE. It seems like 5 weeks. It might very well be 6 or 7 weeks, I believe, after September 11.

Chairman SARBANES. It seems like a lifetime sometimes.

[Laughter.]

Senator ALLARD. Apparently, you have been assessing security issues at the agency. What has been your role in this assessment?

Mr. DONOHUE. Yes, Senator. Thank you for the question.

I was asked to come over by the Deputy Secretary following the September 11 events. I have an expertise in security. My objective was to first bring together the HUD components that have a direct involvement in the security requirements.

We have done that and created a working group. We have addressed emergency evacuation plans. And probably best of all is that I have had the opportunity to go out to various colleagues at the Veterans Administration, Department of Labor, and Justice, to team-up with them, and with some of their concepts and notions, to ultimately ensure a safe environment for the employees at HUD.

It is being proposed, that we will have people with expertise going out to the field sites, which I believe is 85 sites, to look at their needs, their requirements, and to come back and make those recommendations to an executive group to implement those programs, where applicable.

One thing, I am also proud of, is that I had asked Mr. Williams in the Inspector General's office to create an Incident Assessment Center. Think of it as a command post where employees can go, call up, address concerns, such as EAP matters, but particularly concerns of anthrax scares and the like.

They have become a central repository to be able to guide those people through the appropriate address and to report to 911 or Federal protective service.

So it has worked effectively. They will create an office of security, permanent office of security, to address these matters following this terrible tragedy.

Senator ALLARD. Apparently, you think that this is very important. Can you discuss why you think this is so important, security at HUD?

Mr. DONOHUE. Senator, following September 11, as you I am sure you will agree, is that employees were frightened. The focus at HUD with regard to security had not existed and, for the most part, the requirement did not necessarily exist.

I think that the need for this is great. I think the Secretary, the Deputy Secretary have truly recognized the need. One of the by-products, is that I have had a chance to work with the senior staff and get to know them. As far as getting them to know how I am and they are, and I think realizing that this new job will require my need for independence and objective response.

I think it has proven favorable as well.

Senator ALLARD. You have an extensive background in investigations. I think it would help this Committee if you could elaborate on your history and describe how this would tie in to your work as Inspector General.

Mr. DONOHUE. Senator, I can identify with these agents. I was a field agent for many years with the U.S. Secret Service. I interviewed, I collected evidence and maintained that evidence and worked closely with the Department of Justice. I was fortunate, based on my ability, to be a Section Chief on occasions in the U.S. Secret Service, where I managed agents to perform fraud and forgery and counterfeit investigations.

I think I was a good manager.

I would later go on to the Resolution Trust Corporation. When I got there, it was a very small organization. I was asked to be a Section Chief and then asked later to be promoted to the Assistant Director level.

That was a remarkable task because the agency had really not existed before. So, I had to create programs. I had to create programs like an Asset Search Program to address the need for due diligence and how much of value it was to pursue some of these wrongdoers in civil litigation.

I had to be responsible for the training of the personnel. Many of the personnel had come out of the failed institutions, but many came out of an investigative background, and paired them up. We had to train them, train them in criminal investigations, train them on civil fraud investigations.

The focus was to deal with the respective offices, to work closely with the Department of Justice and the FBI to further these cases along. That represented a community of probably 400-plus employees which would later be downsized and, by Congressional mandate, terminated as was the RTC.

I returned to the FDIC and transferred what restitution collections we had back to try and pursue those cases.

In 1997, as a result of the downsizing of the FDIC, I left and went in to the private industry.

Senator ALLARD. Mr. Chairman, I have just one more question.

Chairman SARBANES. Sure. Go ahead.

Senator ALLARD. And then I will be finished.

Chairman SARBANES. Yes.

Senator ALLARD. Have you thought about how you may apply the Results Act to the Inspector General's office? You have a separate entity out here and if you are going to ask of everybody else how you put in measurable results and maybe discuss that a little bit in your own Inspector General's operation.

Mr. DONOHUE. Senator, that is a very good question. I think I became sensitive to the results-based programs, after I left the Government and went into private industry for the past 5 years.

I came quickly to find out that your work better be of top quality or you do not get paid.

So the notion of basing my resources, basing it on performance, it seems to me, and will be, hopefully, the benchmark. I know it is going to take some work. Dave Williams and I both share the same sentiments.

I think it is a practical way to do it. This is taxpayers' dollars, which I am very sensitive to. And I hope to have a strategic plan in place shortly into my term, if I am confirmed. I do see it as very important. I will make it important in my program.

Senator ALLARD. Thank you, Mr. Chairman.

Chairman SARBANES. Thank you, Senator Allard.

Senator Reed.

Senator REED. Thank you very much, Mr. Chairman.

Welcome, Mr. Donohue, and good luck.

Your discussion of security issues, that is the current assignment you have as a consultant to the Department. Is that correct?

Mr. DONOHUE. That is right.

Senator REED. Looking at security. To what extent do you believe that will be an important part of your role as the IG? Is it discrete, different functions?

Mr. DONOHUE. No, Senator. My intention is, if I am confirmed, that the security responsibility will stay behind and transfer on to a newly created Director of Security position. I see no role with respect to the Inspector General other than oversight.

Senator REED. Thank you, Mr. Donohue. One other question. In your analysis, do you have a bottom-line number of how much money you believe that HUD needs to fully protect itself and its employees?

Mr. DONOHUE. I am sorry, Senator. It is a bit premature. We are just about ready to send some experts out to the field.

There has been vulnerability assessments returned previously from the field. But these people are not experts. I think we are going to have to have a hands-on. That is my recommendation and I suspect that will—hopefully, conclude itself. It begins January 2 and will wrap itself up sometime in mid-June.

Senator REED. Good. You have a very difficult job ahead of you, if you are confirmed by the Senate. In some respects, you are responsible for very little. In fact, I concur with the feeling expressed by the Chairman that the programmatic responsibilities of the IG should be close to zero. But, then, again, you are responsible for everything because if something goes wrong in the Department, it could have been avoided by an effective IG.

You are an advisor to the Secretary, but you are also charged with telling the Secretary some difficult truths at times. You have to be perceived as someone who is open to everyone in the organization, from the entry-level clerk to the senior assistant if they feel that something is wrong in the Department.

You have to be a colleague of the Secretary, give, in this case, Mr. Martinez, good advice. But at some time, you might be compelled publicly to communicate with the Congress and the larger public.

I come to this appreciation not so much from looking at civilian departments, but from spending some time in the Army.

Do you disagree with any of those characteristics of your job?

Mr. DONOHUE. Absolutely not, Senator.

Senator REED. And you are prepared to do all those things?

Mr. DONOHUE. I am, Senator. I have no hidden agenda, and I will tell things as they are. I have had the opportunity to meet with the Secretary. He has indicated to me, and I have no reason to question his support, for independent investigations and audits with regard to the Inspector General, and has also indicated a willingness to implement such recommendations on a timely basis.

Senator REED. Good. It strikes me that a great deal of your responsibilities will be looking at essentially financial transactions—housing programs and whether funds have been used appropriately, either by members of the administration or by developers out in the country, in the cities, doing their work. Do you feel that your background has prepared you for that? I know you were at the RTC. Can you comment a bit about your ability to manage people who have financial expertise?

Mr. DONOHUE. I understand. Senator, there is no question that my strong side is investigations. I truly have a strong sensitivity to the audit work. When I was in the U.S. Secret Service, when we had requirements of that sort involving financial reviews, we would call upon those agencies that had audit experience.

At the Resolution Trust Corporation, we had components with audit programs within the General Counsel's office. We would hire that kind of expertise.

I found that the outcomes of my investigations and recommendations were based on good audit review, and in a timely way good reporting.

I do have a great deal of appreciation for that and I will place that as the focus of my term, if confirmed.

Senator REED. Part of your role, too, is to, again, maintain this very delicate balance between being a colleague and being a watchdog without one consuming the other.

I am sure there are examples of IG's that were so collegial, that nothing got looked at. And then there are examples that we have seen of IG's that were such watchdogs, that they could not effectively communicate with their colleagues, could not effectively do anything because they became paralyzed in sort of personal, in some cases, acrimony.

Again, there is no formula for this or right answer, but I would feel comfortable if you could appreciate that very difficult balance.

Mr. DONOHUE. I do, Senator.

Senator REED. Then, finally, too, you are going into an organization, and Senator Sarbanes, the Chairman, has alluded to certain issues, programmatic facts, some of the very harrowing description of ripping the mortal coil of a 10-year-old, et cetera, some of the ongoing controversy. One, do you have an assessment at this point of the morale of the organization; and two, do you go into that organization with a very specific agenda to improve the morale? And I do not know what the morale is. I am just asking you.

Mr. DONOHUE. Yes, Senator. I do have some thoughts.

First of all, I want to assure you that the senior staff that I select, and I will have that opportunity, will be the absolute best and qualified for that position. I demand that and I insist upon that.

As to the agency itself, I think I must ensure the fact that the audit and investigations staff are working collectively, I was told by Mr. Williams, that the housing fraud initiative is an example. They have worked together collectively and have been very successful. I will encourage that cooperation.

I do believe that there has been some communications issues. We have had an Acting IG since June. If I am confirmed, I will instill a professional policy and leadership of that program to ensure that issues of this type will not happen, to the best of my ability.

Senator REED. Thank you very much, Mr. Donohue.

Mr. DONOHUE. Thank you, Senator.

Chairman SARBANES. Mr. Donohue, I would like to pursue some personnel issues with you because I think the challenge is just enormous. And a number of personnel issues have arisen at the OIG at HUD in recent years.

*The Boston Globe*, in February of this year, had a headline, and I will read briefly from the article: "Black Agent Claims Retaliation At HUD. Latest Suit Seeks To Block Job Transfer."

The agency that is supposed to root out crime in Federal housing programs is being accused of institutional racism carried out by an Inspector General who allegedly has ignored wrong-doing by white executives while retaliating against black agents who speak out about bias.

This is a suit that was brought by the highest-ranked black agent in the Inspector General's office, saying he was being sidelined into a new position as punishment for his suit against Gaffney. He brought suit saying that she had recruited and installed as her top investigator a white man with no law enforcement background instead of him. He then brought suit that she was then taking retaliation against him.

The Black Caucus in the House became very energized about this issue, the NAACP, and the National Organization of Black Law Enforcement Executives.

In the end, he received quite a substantial settlement from the Government to resolve this dispute about the prior Inspector General's conduct. This was not the only racial bias issue that had been raised at the OIG under Ms. Gaffney.

So, I want to ask you first, just your own commitment to a working environment that is an open and tolerant one. Are you familiar with these various episodes taking place within the IG's office? Have they been brought to your attention in your preparation to take over this job?

Mr. DONOHUE. No, they have not, Senator Sarbanes. However, I am familiar with what you just referenced from several *Washington Post* articles, I believe, in May of this past year, and prior to Ms. Gaffney's departure from HUD, which involved the lawsuit of a senior staff member within the Inspector General's office.

My response, Senator, is that I will not tolerate racist behavior. I will not tolerate sexual harassment. That is something that I will not accept. The advancement of my personnel or my appointments will be based solely on their capability and the knowledge of the job at hand. I assure you that I will advise my senior staff that this is unacceptable and that this will not happen, to the best of my ability.

Chairman SARBANES. We are very concerned about what has been going on down there.

Actually, Ms. Gaffney earlier this year wrote a memo outlining disciplinary action against OIG's employees, driving Government vehicles after drinking, misusing Government computers for personal reasons, including downloading sexually explicit material, altering the price of merchandise, mishandling and misuse of firearms, misuse of Government property. These are all things that she enumerated were going on within her office. I think virtually all of the senior staff down there either resigned or were forced out or took retirement. It is pretty vacant at the top ranks, is it not, down at the OIG's office at HUD?

Mr. DONOHUE. Yes, sir, it is.

Chairman SARBANES. Of course, that gives you a real opportunity to bring in some top-notch people who won't fool around.

We had brought to our attention an affidavit filed by one employee. I do not know if you have seen it. We are going to refer it over to you, about engaging in sexual intercourse in the office, all the rest of that. I do not know what kind of hijinks were going on down there in the IG's office. So, you have a Herculean task to clean out the stables.

Mr. DONOHUE. According to Mr. Williams, Senator, they realize and know that a new person is coming into this position. It has become rather clear to them, and it will become clear to them as I come on, that this behavior will not be acceptable and tolerated and will be dealt with very quickly and effectively.

Chairman SARBANES. Well, there is a strong feeling that her favorites were not punished and the ones that were not her favorites were punished, even though they engaged in the same conduct, that sort of double-standard, which I do not think any good administrator can have taking place within their organization.

I really commend to you the idea of reviewing all of this wrongdoing to make sure that the right decisions were made. That thing has to be set back in the proper order. And I think that is one of the major initial challenges that will confront you.

I am not aware, and I do not know if you are, of other IG offices that seem to have had such extensive personnel problems.

Mr. DONOHUE. Nor am I, Senator.

Chairman SARBANES. Let me just ask. I was curious about one question. Do you know how other Inspector Generals handle personnel decisions regarding disciplinary actions within their office? In other words, the IG goes in and reviews the people in the Department. So if you get allegations of this sort taking place, the IG becomes an agency that reviews that. But how do we get a review of the IG's office if this sort of thing is going on? Do you have any thoughts on that?

Mr. DONOHUE. I do, Senator. What I am accustomed to, and my notion supports this, is to have—call it an Office of Inspection or Special Investigations, that will target matters of this type.

It seems to me, Senator, that the IG, like all Federal and State law enforcement agencies, must be above reproach. They must set the standard with regard to the agencies. How can they possibly go back and conduct investigations of HUD organizations and not be able to stand up to the same scrutiny?

So, I believe Mr. Williams has begun that process. I will install an Office of Inspection that will target such matters, and, prevent them from happening. But when they do, they will go to that matter directly and respond back to me for rapid action.

Chairman SARBANES. Have you had any conversations with Mr. Williams as to whether he could remain available to you to consult with and counsel with as you move into your responsibilities?

Mr. DONOHUE. Mr. Williams and I have not only become colleagues, but also good friends.

Chairman SARBANES. I understand that because Mr. Williams has indicated to us that you have established a good working relationship. We value that opinion very highly because we have, as I indicated earlier, a very high regard for Mr. Williams.

Mr. DONOHUE. Also, there seems to be, what I have found, a collegiality among the Inspector Generals throughout and within the PCIE program. I have met them. Senator, I hope to call upon them for ideas, suggestions, and possibly mimic some of their programs that have effectively worked. I am a very open-minded person and I would look upon them, and Dave Williams has indicated a willingness to do that as we go along.

Chairman SARBANES. I think that is a very constructive attitude on your part as you move into these important responsibilities.

Also, the General Counsel at the Department, Dick Hauser, who we think is quite able, has also indicated his willingness to work in an effort to clean up this IG's office.

Let me touch on one other issue.

We have received reports that the previous OIG undertook an extensive effort to develop an information tracking system separate and apart from the rest of HUD. The system was to be called the OIG Audit Support Investigative System—OASIS. Apparently, the system was in development for over 2 years at a cost of \$4 to \$5 million. The system was never put on line. Have you had a chance to become acquainted with this failed effort?

Mr. DONOHUE. Senator, I have not.

Chairman SARBANES. If you could take a look at that, I think it would be important to do that. It is my understanding that the OIG continued to contract out its IT function, rather than use HUD's existing system, even though using HUD's system would have been considerably cheaper.

It sounds like the IT systems at the IG's office are a mess. I commend that to you. In fact, I think after you have a reasonable period of time to try to straighten out the office, we might want to have a hearing just to see where things are. You would have a chance to review things very carefully and put in an action program in order to correct a lot of these deficiencies.

There was a constant clash going on between the IG and the previous Secretary at HUD. That was attributed to personality clashes and so forth and so on. But it seems that what happened is that in the furor of the personality clash, not enough attention was being paid really to the workings of the IG's office—on personnel, on information technology, of this whole range of issues that we have touched upon here.

You have a double-challenge, it seems to me. First is to get the IG's office itself into shape. And the other, of course, and the real

responsibility of the IG's office, is to supervise, to review, and to oversee the workings and the programs in the Department.

You should not have to do the first, but that is the situation that has been left to you, unfortunately, although I think that David Williams has been addressing at least some of those issues.

I have no further questions.

Senator Allard.

Senator ALLARD. No further questions, Mr. Chairman.

Chairman SARBANES. Well, thank you very much, sir.

Mr. DONOHUE. Thank you, Senator.

Chairman SARBANES. We appreciate your appearance before the Committee, and we are also very pleased to welcome your family that is here with you today.

The hearing stands adjourned.

[Whereupon, at 11:12 a.m., the hearing was adjourned.]

[Prepared statement, biographical sketches of nominees, and additional material supplied for the record follow:]



**PREPARED STATEMENT OF SENATOR WAYNE ALLARD**

I would like to thank Chairman Sarbanes for holding this hearing. Our witnesses today are both nominated to key positions under the Committee's jurisdictions, and I am pleased that the Chairman has moved to fill the vacancies.

First, I would like to welcome Ken Donohue to the Banking Committee. Mr. Donohue is nominated to be the Inspector General for the Department of Housing and Urban Development. I believe that this is one of the most important positions at HUD. It is critical that we have an Inspector General in place to help ensure that we continue to see progress on management reform.

As the Ranking Member, of the Subcommittee on Housing and Transportation, I have seen firsthand how helpful the reports of an Inspector General can be. The Inspector General acts as the eyes and ears of the Congress and is expert at rooting out fraud, waste, and abuse.

I believe that Mr. Donohue's background will serve him well in his new position. He has extensive experience in criminal and investigative matters, and he is a certified fraud examiner.

We have an obligation to both the taxpayers and those who utilize HUD programs to ensure that money is well spent. Mr. Donohue understands this obligation, and I look forward to the opportunity to work with him.

I would also like to welcome Mr. Joe Grandmaison to the Banking Committee. He is nominated to be a Member of the Export-Import Bank's Board of Directors.

The Banking Committee has spent a good deal of time this year working on the reauthorization of the Export-Import Bank. During this work I have raised several concerns. First, I would like to see the Bank increase its small business work. Although I am pleased that the Bank does a significant volume of its *deals* with small business, I would like to see the *dollar value* of those deals increase. I sponsored an amendment to increase the small business goals, and I was pleased to have it accepted by the Committee.

My second amendment concerned establishing an Office of the Inspector General at the Bank. As my previous comments have indicated, I strongly believe in accountability and in good government. The Export-Import Bank is the only Government agency offering direct loans and loan guarantees that does not have an Inspector General. I believe that an Inspector General will give the Bank greater credibility and will bolster the work that they do to oversee themselves. I am hopeful that Mr. Grandmaison can be helpful as we continue to work to resolve this matter.

I look forward to hearing from our witnesses today. I am very hopeful that the Committee will be able to schedule a markup quickly so that these nominees can be confirmed by the Senate before we complete our business for the year.



**Memberships:** List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Office held (if any)	Dates
L'Association Canado-Americaïn Manchester, NH	Member	Approximately 20 years to the present
State of New Hampshire Constitutional Convention	Elected Delegate	1981
Board of Visitors Boston University Department of Economics Boston, MA	Member	1978 – 1982
Board of Directors Robert F. Kennedy Action Corps (private child welfare agency) Boston, MA	Member	1978 – 1988
Advisory Board Center of Study of Social Values Rivier College Nashua, NH	Member	1980 - 1982
Board of Aldermen City of Nashua Nashua, NH	Elected Member	1970 – 1971
President Nashua Jaycees Nashua, NH	President	1969 - 1970
New Hampshire Army National Guard	SP5	1963 - 1970

**Employment record:** List below all positions held since college, including the title or description of job, name of employment, location of work, and inclusive dates of employment.

6-01 to the present International Trade Consultant, Washington, DC

Clients: Don Breazeale and Associates, Inc. Rancho Santa Fe, CA  
Consulting company specializing in port, rail and freight operations  
Managing Director, International Development

PA Consulting Group, Washington, DC

8-93 – 2-01 Director – U.S. Trade and Development Agency, Arlington, VA  
(Presidential Appointment, U.S. Senate Confirmed)

TDA assists in the creation of jobs for Americans by helping U.S. companies pursue business opportunities. Through the funding of feasibility studies, orientation visits, training grants, conferences and various forms of technical assistance, the agency enables American businesses to become involved in the planning stages of infrastructure and industrial projects in middle income and developing countries. By doing this, TDA provides American firms with market entry, exposure and information, thus helping them establish a position in markets that are otherwise difficult to penetrate.

Accomplishments: Served as head of the U.S. Government agency with responsibility for all aspects of its operations, including strategic planning, investment decisions, policy determination, fiscal and personnel management, business and product development, and marketing.

Oversaw the investment of more than \$425 million dollars in 1,300+ overseas projects over 7 1/2 years. Projects designed specifically to involve U.S. companies – small and medium sized businesses to Fortune 500 enterprises – in their subsequent implementation phase.

Successfully represented the agency within the U.S. Government, including working with TDA's sister trade agencies, the Export-Import Bank and the Overseas Private Investment Corporation, as well as the Departments of State, Commerce and Energy, the Federal Aviation Administration and the Federal Rail Administration. Also worked in cooperation with multilateral development banks such as the World Bank and the European Bank for Reconstruction and Development.

Developed senior level contacts among U.S. businesses, small and large, interested in foreign trade and international economic development, including the contracting of these companies to conduct TDA financed feasibility studies. Aggressively expanded the agency's sector interests to include health care, information technology and emergency preparedness in addition to energy, transportation, environment, telecommunications and natural resources.

3-92 – 7-93 New England Cable News, Newton, MA  
Host of a weekly public affairs television program.

1989 – 8-93 Weil & Howe, Inc., Augusta, Maine – Associate and vice-president of the managing consulting company specializing in energy and environmental matters.

9-88 – 5-90	Boston University, Boston, MA Adjunct Professor at the College of Communications
6-87 – 2-90	WMUR-TV, Manchester, NH – Co-host of a weekly public affairs television program and consultant.
7-84 – 10-86	Warner Cable Communications, Dublin, Ohio – Regional Community Relations Director for the Medford (MA) Warner Cable complex.
2-83 – 10-83	John Glenn Presidential Committee, Inc., Washington, DC Political Director
3-81 – 8-93	Self-employed consultant: economic development, government and community relations as well as campaign management and strategy, Rye, NH
7-77 – 3-81	U.S. Department of Commerce, Washington, DC Federal Co-Chairman of the New England Regional Commission

Served as the highest-ranking federal official in the region, co-equal to the six New England governors on the Commission. Developed policies to improve the regional economy and managed programs in the areas of economic development, energy and transportation.

Directed the Executive Committee, the Commission's management body that controlled budgeting, personnel, administration and communications. As chief spokesman for the Commission, frequently appeared and spoke on its behalf before regional and national audiences. Served as principal liaison with the White House, Congress and federal agencies.

Reoriented the Commission's focus to provide necessary services to New England's business community, including the creation of programs for export promotion, tourism development, trade adjustment assistance, and technical assistance for energy resource conversion and hazardous waste management.

Simultaneously in 1979-1980 served as Chairman, Federal Regional Council of New England. The Council, comprised of major federal officials in the region, was responsible for coordinating and streamlining the delivery of federal programs in New England. As the President's representative to the Commission and the Council, acted to integrate state and federal programs and policies.

2-76 – 5-76	WBZ-TV, Boston, MA – Political Analyst
1-76 – 5-76	Harvard University, Kennedy School of Government, Institute of Politics Cambridge, MA – Fellowship
9-75 – 11-75	U.S. Senator John Durkin, Washington, DC – Administrative Assistant
8-75 – 9-75	Durkin for U.S. Senate, Manchester, NH – Campaign Director
1-75 – 8-75	Commonwealth of Massachusetts, Boston, MA Director, Office of Federal-State Relations

8-73 – 12-74	The Dukakis Committee, Boston, MA – Campaign Director
3-73 – 7-73	Democratic National Committee, Washington, DC – Deputy Director, Charter Commission
1-73 – 2-73	U.S. Senator George McGovern, Washington, DC – Congressional Assistant
3-71 – 11-72	McGovern for President, Washington, DC – NH Campaign Director and National Staff
1966 – 3-71	Consolidated Foods, Inc., Nashua, NH – Credit Manager and Assistant to the President
1961 – 1966	Scars, Roebuck & Co., Nashua, NH – Assistant Credit Manager and Salesman
1963 – 1970	NH Army National Guard, Concord, NH – Enlistee
5-63 – 8-63	Department of the Army, Fort Dix, NJ – Basic Training
1959 – 1961	Sullivan Moving and Storage Co., Nashua, NH – Office Clerk

**Government  
experience:**

List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

Federal -- Served as Director of the U.S. Trade and Development Agency from August, 1993 through February, 2001 and Federal Co-Chairman of the New England Regional Commission from July, 1977 to March, 1981. Administrative Assistant to then U.S. Senator John Durkin (9-75 – 11-75) and former U.S. Senator George McGovern as a congressional assistant (1-73 – 2-73).

State -- Served as Director of Federal-State Relations for the Commonwealth of Massachusetts from January, 1975 through August, 1975 and elected to the New Hampshire Constitutional Convention in 1981.

Local -- Elected member of the Nashua, New Hampshire Board of Alderman (1970-71). Served in a consulting capacity to the Massachusetts Port Authority in 1981 and the City of Boston in 1983.

**Published  
Writings:**

List the titles, publishers and dates of books, articles, reports or other published materials you have written.

The only published writings per se would have been op-ed pieces promoting international trade and how to go about successfully utilizing U.S. Government trade promotion programs.

**Political****Affiliations**

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

1992 – Member of the Executive Committee – New England Business Leaders for Clinton/Gore

1990 – Democratic nominee for Governor of New Hampshire

4/ 87 – 2/90 Chair, New Hampshire Democratic Party

**Political****Contributions:**

Itemize all political contributions of \$500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

6-14-94	NH Democratic Party	\$100.
3-14-95	NH Democratic Party	\$500
2-1-96	NH Democratic Party	\$500
10-11-96	NH Democratic Party	\$250
3-4-98	NH Democratic Party	\$500
2-9-99	NH Democratic Party	\$500
1-18-00	NH Democratic Party	\$500
7-22-94	Roosevelt for Governor (Mark Roosevelt)	\$500
12-2-95	Clinton/Gore '96 Primary	\$250
3-14-96	Clinton/Gore '96	\$500
6-21-96	Keefe for Congress (Joseph Keefe)	\$500
10-19-96	Keefe for Congress (Joseph Keefe)	\$250
8-1-96	Shaheen for Governor (Jeanne Shaheen)	\$100
9-27-96	Shaheen for Governor (Jeanne Shaheen)	\$200
12-16-96	Shaheen Inaugural Committee (Jeanne Shaheen)	\$125
5-16-98	Friends of Jeanne Shaheen (Jeanne Shaheen)	\$500
4-18-00	Friends of Jeanne Shaheen (Jeanne Shaheen)	\$500
11-12-01	Shaheen for Senate Exploratory Committee (Jeanne Shaheen)	\$500
3-19-99	Gore 2000 (Al Gore)	\$250
6-19-99	Let's Get It Dunn (Donald Dunn)	\$250
5-2-00	Let's Get It Dunn (Donald Dunn)	\$250
10-16-00	Dunn for Congress (Donald Dunn)	\$250
9-21-96	Torricelli for Congress (Robert Torricelli)	\$250
7-13-99	Torricelli for U.S. Senate (Robert Torricelli)	\$250
10-13-99	HRC Exploratory Committee (Hillary Clinton)	\$500

**Qualifications:** State fully your qualifications to serve in the position to which you have been named.  
(attach sheet)

Page attached

**Future employment  
relationships:**

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

Yes

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

No

3. Has anybody made you a commitment to a job after you leave government?

No

4. Do you expect to serve the full term for which you have been appointed?

Yes



**Potential conflicts  
of interest:**

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

None

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

At the recommendation of the General Counsel at the Export-Import Bank, I will divest the following holdings within 90 days of appointment: PNC Bank, Delphi Automotive Systems, Nashua Corp., and Morgan Stanley Global Utilities Fund. Until divestiture is accomplished, I will not participate personally and substantially in any particular matter that will have a direct and predictable effect on these assets, or, in the case of the Morgan Stanley Global Utilities Fund, the fund's underlying holdings. I will divest my holding in Morgan Stanley Financial Services Trust upon my appointment.

Similarly, at the recommendation of the General Counsel at the Export-Import Bank, I will terminate my consulting contracts with Don Breazeale and Associates, Inc. and PA Consulting Group upon my appointment as a Director. To avoid any appearance of a conflict of interest, I will recuse myself for one year after termination of the contracts from these organizations from any particular matters involving the companies.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

None

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

By taking immediate action to correct the situation so as to be in compliance with both the letter and spirit of all conflict of interest requirements and regulations.

**Civil, criminal and  
investigatory  
actions:**

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

A former employee of the Trade and Development Agency filed a grievance claiming discrimination. As Director of the agency, I was named. The agency's General Counsel handled the situation in accordance with the strict procedures that are in place and the claim was determined to be without merit.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

None

#### J. Joseph Grandmaison - Qualifications

While I believe that my experience, background and personal skills specifically lend themselves to successfully serving in the position of a Director at the Export-Import Bank, I respectfully suggest that my qualifications begin with my belief in the Bank's mission—to create U.S. jobs through exports—and my commitment to the responsible role our Government must play in the international market place when American companies face unfair foreign competition. EX-IM has a proud and well-earned reputation and my hope would be to further that success through my active involvement and leadership.

As requested in a previous section of this questionnaire, I outlined by employment history. I would like to offer an understanding of who I am and how that fits in as qualifying for the Senate's consideration in this position.

My career includes having been active in both the private and public sector—focused primarily on economic development, trade and communications. In each of the two U.S. Senate confirmed positions that I have had the opportunity serve, I have always thought my private sector perspective and business minded approach served me well and provided me with an understanding of how to tailor the agency's programs to become even more effective. I believe myself to be hard-working and insightful when it comes to understanding commerce, marketing, relationship building and motivation.

A hallmark of my time as Director of the Trade and Development Agency was the successful outreach efforts to U.S. companies that had not heard of TDA, to members of Congress interested in our program, and to other government agencies with whom we could partner. Reaching out to broaden involvement and work with others requires not only a commitment to do so but professional confidence by the agency's leadership. I consider myself to be a successful communicator, a necessary skill for success in both government and the business world.

A unique qualification that I offer is an understanding of the difference in the internal dynamics of a public agency as opposed to a private company. While many solid business practices need to be adopted in government, there are important differences when the public trust and taxpayer dollars are involved. I respect the checks and balances in the system and am fully comfortable with the need for performance and accountability.

Not only is EX-IM TDA's sister trade finance agency but TDA's success is inextricably linked to EX-IM. More than a third of the exports facilitated by TDA feasibility studies are financed by the Bank. It is that direct working experience with EX-IM, lifelong set of professional experience and personal commitment that I believe qualifies me to serve in this position.

- Albert Gallatin Award – Department of the Treasury (1990).
- Certified Protection Professional – American Society of Industrial Security (1994).
- Certificate of Commendation – Joint Chiefs of Staff (1987).
- Distinguished Service - National Cryptologic School, NSA (1990).
- Certified Fraud Examiner – National Association of Certified Examiners (1991).

**Memberships:** List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Dates
Association of Former Agents of the U.S. Secret Service	4/90 – present
American Society of Industrial Security	4/91 – present
Association of Threat Assessment Professionals	4/93 – present
Association of Certified Fraud Examiners	4/91 – present
Military Order of the Knights of the Templar	3/97 – present
Center for the Missing & Exploited Children	3/94 – present

**Employment record:** List below all positions held since college, including the title or description of job, name of employment, location of work, and inclusive dates of employment.

Senior Special Agent	U.S. Secret Service	Washington, DC	7/69-6/90
Asst. Director-Investigations	Resolution Trust Corporation/FDIC	Washington, DC	6/90-5/97
President	The Mikadon Group	Fairfax, VA	5/97 – present

**Government experience:** List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

U.S. Secret Service	Washington, DC	1969-1990
RTC/FDIC	Washington, DC	1990-1997
Bureau of Engraving & Printing	Washington, DC	1998-1998
U.S. Mint	Washington, DC	1998-2001
CIA	Langley, VA	1999-2001
Administrative Courts of the Judiciary	Washington, DC	2000-2001

**Published Writings:** List the titles, publishers and dates of books, articles, reports or other published materials you have written.

None.

**Political****Affiliations****and activities:**

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

Presidential Inaugural Committees – 1993, 1997 and 2001 as a paid security consultant

Dole for President Committee – 1996 – as a volunteer

**Political****Contributions:**

Itemize all political contributions of \$500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

None

**Qualifications:**

State fully your qualifications to serve in the position to which you have been named.

It would be a great honor to serve as the Inspector General for the Department of Housing and Urban Development. The position of Inspector General offers a substantive means to address wrongdoing, instill integrity and promote efficiency within the federal government. I have been a public servant for many years and have always had a dedication to the public welfare. I chose a federal law enforcement career and as a result have deepened my personal conviction regarding the importance of protecting and enhancing the public trust.

I have provided line and staff management oversight within federal law enforcement and the financial regulatory agencies. A majority of my career has focused on directing criminal and civil fraud investigations. My seven years with the Resolution Trust Corporation/FDIC, Office of Investigations, were spent directing and managing sensitive and complex investigations of directors and officers of failed savings and loans institutions. This included administering policy and guidance to our field offices in the presentation of such cases to the Department of Justice and their disposition.

My U.S. Secret Service career of twenty one years included assignments at various field offices as well as headquarters. These assignments included the investigation, collection and preservation of evidence, and assisting in the prosecution of individuals suspected of committing violations of Federal law.

This broad scope of interaction has afforded me an opportunity to work closely with Federal, state and local government agencies. This work included implementation and coordination of special investigative projects and task forces.

These credentials, which include years of investigative experience and a masters degree in Criminal Justice, and nourished by my sense of commitment and integrity, merit consideration for the position of Inspector General.

**Future employment  
relationships:**

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

Yes.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

I do not have any such plans.

3. Has anybody made you a commitment to a job after you leave government?

No.

4. Do you expect to serve the full term for which you have been appointed?

Yes.

**Potential conflicts  
of interest:**

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

I have no such arrangements, agreements or dealings.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

I own jointly with my spouse stock in the Federal Home Loan Mortgage Corporation.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

I have no such business relationships, dealings or financial transactions.

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

I have not engaged in such lobbying activities.

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

As stated in my Ethics Agreement, I will divest my holding in the Federal Home Loan Mortgage Corporation within 90 days of my confirmation. If any additional conflicts arise, I would immediately seek counsel from HUD's ethics officials and take appropriate action to resolve them.



**Civil, criminal and  
investigatory  
actions:**

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

In 1979, while assigned with the U.S. Secret Service – Cleveland Field Office, an internal investigation was conducted against the Special Agent in Charge and Assistant Special Agent in Charge regarding an allegation of the unauthorized use of a legal pen register as a wiretap. Several case agents and I were also investigated. The investigation was dismissed and no administrative action occurred. I will provide further details, if requested.

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

I was never the subject of any professional association proceeding, inquiry or investigation.



G A O

Accountability • Integrity • Reliability

United States General Accounting Office  
Washington, DC 20548

Office of the General Counsel

B-285066.2

August 9, 2000

The Honorable James Walsh  
Chairman  
The Honorable Alan Mollohan  
Ranking Minority Member  
Subcommittee on VA, HUD, and  
Independent Agencies  
Committee on Appropriations  
House of Representatives

This responds to your inquiry of March 30, 2000, concerning the gun buyback program administered by the Department of Housing and Urban Development's (HUD) Office of Inspector General (OIG) under Operation Safe Home. You asked whether in fact the OIG has used Operation Safe Home funds for that purpose. You also asked whether the OIG has the legal authority to use funds appropriated for Operation Safe Home for gun buyback programs. By letter dated April 7, 2000, we asked the HUD OIG for an explanation of its authority to administer a gun buyback program as part of Operation Safe Home and for information regarding the amount of funds obligated and expended for gun buybacks. The OIG responded by letters dated May 1 and 23, 2000, and met with us on May 23, 2000 to discuss these issues.

The OIG informed us that it has used \$30,000 of Operation Safe Home appropriations to finance a gun buyback program in association with the Washington, D.C. Metropolitan Police Department (MPD). For the reasons discussed below, we conclude that on balance the OIG has the authority to use funds appropriated for Operation Safe Home to fund a gun buyback program in the District of Columbia. Apart from the legal issue addressed in this opinion, we have concerns about the impact of the OIG's responsibilities for the Operation Safe Home program on the office's independence to perform audit and investigative functions.

#### BACKGROUND

Operation Safe Home began in February 1994 as an anti-crime initiative by the Secretary of HUD, the HUD OIG, the Attorney General, the Secretary of the Treasury and the National Drug Control Policy Director. The initiative focused on auditing and investigating activities that undermine HUD programs and the federal investment in public housing. Since fiscal year 1996, Congress has appropriated funds as a set-aside

in HUD's Public Housing Drug Elimination Grants Program (PHDEG) appropriation for:

"efforts to combat violent crime in public and assisted housing under the Operation Safe Home program administered by the Inspector General of the Department of Housing and Urban Development."

Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2000 (VA, HUD Appropriations Act), Pub. L. No. 106-74, 113 Stat. 1047, 1058 (1999) (appropriating \$10 million).<sup>1</sup> The funds appropriated for efforts to combat violent crime under Operation Safe Home are maintained in the PHDEG account under the OIG's control. The funds earmarked in the PHDEG account remain available until expended.<sup>2</sup> It is the availability of this appropriation to fund gun buybacks that is at issue.

As described by the OIG, "[t]he goal of Operation Safe Home is to stop major abuses in HUD programs that result in unacceptable living conditions for the millions of needy people who look to HUD for help." OIG Semiannual Report to the Congress for the period ending March 31, 1994. Operation Safe Home consists of audits and investigations carried out by the HUD OIG to reduce three major types of criminal activity undermining HUD programs: (1) violent crime in public housing, (2) fraud in public housing, and (3) equity skimming in multifamily insured housing. The issues we are presented with involve the first category of activity, namely, Operation Safe Home's investigation of violent crime in public housing.

OIG conducts Operation Safe Home investigations in coordination with the Department of Justice (DOJ), the Department of Treasury (Treasury), and related agencies such as, the Federal Bureau of Investigation (FBI), the Drug Enforcement Agency (DEA), and the Bureau of Alcohol, Tobacco and Firearms (ATF). Based upon allegations of violent and drug-related crime in public and assisted housing, OIG

<sup>1</sup> VA, HUD Appropriations Act, 1996, Pub. L. No. 104-134, 110 Stat. 1321-257, 1321-271 (1996) (appropriating \$2.5 million); VA, HUD Appropriations Act, 1997, Pub. L. No. 104-204, 110 Stat. 2874, 2886 (1996) (appropriating \$5 million); VA, HUD Appropriations Act, 1998, Pub. L. No. 105-65, 111 Stat. 1344, 1353, (1997) (appropriating \$10 million); and VA, HUD Appropriations Act, 1999, Pub. L. No. 105-276, 112 Stat. 2461, 2472-2473 (1998) (appropriating \$10 million).

<sup>2</sup> Beginning in fiscal year 1997, Congress also has provided funds "to the Office of Inspector General for Operation Safe Home" in addition to those earmarked in the PHDEG appropriation for the OIG's use for efforts to combat violent crime. See e.g., VA, HUD Appropriations Act 1997, Pub. L. No. 104-204, 110 Stat. 2874, 2886, 2892 (1996). These additional Operation Safe Home funds are transferred from the PHDEG account to the OIG's salaries and expenses account. Id. OIG uses these funds to cover additional law enforcement positions for Operation Safe Home. These funds have not been used to fund gun buybacks, nor does OIG contend that they are available for such purpose.

opens cases or investigations in collaboration with law enforcement task forces. The task forces are comprised of federal, state and local law enforcement agencies that investigate and prosecute violent crime in public and assisted housing. To conduct the investigations, OIG uses special agents, employed as criminal investigators, who are "uniquely equipped to serve as linchpins" in these task forces because of their law enforcement credentials and knowledge of public and assisted housing operations and personnel. Letter to Chairman, Senate Committee on Banking, Housing and Urban Affairs, from HUD Inspector General, June 26, 1997. Their tasks include executing search warrants, conducting criminal investigations and undercover operations, arresting criminal suspects, seizing drugs and firearms, and referring cases for criminal prosecution. *See e.g.*, OIG Semiannual Report to the Congress for the period ending March 31, 1994; OIG Semiannual Report to the Congress for the period ending September 30, 1999. In addition, the OIG facilitates the relocation of witnesses to violent crime in public housing to other public or assisted housing to ensure their safety.<sup>9</sup> *Id.*

The OIG and the MPD entered into a Memorandum of Understanding (MOU) dated August 28, 1998 that outlines the law enforcement strategy to combat violent crimes, firearms and drug trafficking in and around Washington, D.C. public housing. The MOU provides that OIG would allocate funds under a cooperative agreement for certain approved reimbursable expenses including evidence and informant costs. In 1998, OIG opened two Operation Safe Home cases in the District of Columbia with the Washington, D.C. Metropolitan Police Department (MPD) reserving \$25,000 and \$50,000, respectively, in Operation Safe Home funds for operational costs of the two cases. From August 9-13, 1999, the MPD organized a gun buyback program in the District of Columbia in the Police District Headquarters, 6<sup>th</sup> District to reduce the availability of guns and develop leads and evidence for criminal investigations in public housing. While the gun buyback program was not carried out in public housing, there are several public housing complexes in the 6<sup>th</sup> District and the MPD delivered flyers advertising the program in those public housing complexes. Under the MPD gun buyback program, individuals were paid \$100 for each gun they turned in to the police. Individuals received amnesty for any criminal violations relating to illegal possession of guns turned in to the police. The OIG provided, and MPD used, \$30,000 from Operation Safe Home funds for the MPD's firearm buy-back program.

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<sup>9</sup> You also asked whether the OIG is authorized to administer a gun buyback program pursuant to 42 U.S.C. § 1437f(o)(16), which authorizes aid for low-income families by providing assistance payments for existing housing. Pursuant to this section, the Secretary of HUD, in consultation with the IG, shall provide funds for relocation of witnesses to crime in connection with efforts to combat crime in public housing. The funds used are not included in the OIG's budget and are not under OIG's control. The OIG explained that it has not used this section as authority for funding a gun buyback, nor would they contend that these funds would be available for this purpose.

## ANALYSIS

The issue in this case is whether funds appropriated for Operation Safe Home are available for gun buybacks. OIG contends that they are. In the OIG's opinion, although the appropriation does not specify the purposes for which Operation Safe Home funds are available, both the OIG and Congress have a common understanding of those purposes by virtue of the explanations contained in the OIG's budget justifications. OIG's May 1, 2000 letter, 4-5. The OIG points out that its budget justifications have described the intended use of Operation Safe Home as follows:

"These funds are currently used to share in operational costs for task force efforts focused in public housing . . . [and] help defray the costs of police overtime, the purchase of contraband evidence, and other operational expenses, as well as "seeding" some post enforcement initiatives. None of this funding was provided in the form of a "grant" that would be controlled by a law enforcement entity, but is being used to help fund those operations in which OIG remains an active partner."

Congressional Justifications for 1998 Estimates, HUD, cited in OIG's May 1, 2000 letter, 4-5.

Under 31 U.S.C. § 1301(a), appropriated funds may be used only for authorized purposes. To determine the range of authorized purposes we will typically analyze both the statutes appropriating funds for as well as the statutes authorizing the underlying program or activity. Here, Operation Safe Home does not have a separate authorizing statute that defines its purpose or delineates authorized activities. The Operation Safe Home appropriation set-aside, itself, not only funds the program, but also provides the only expression of legislative intent concerning the program's parameters. Accordingly, other than the admittedly broad language of the set-aside, namely that the funds are available for "efforts to combat violent crime in public and assisted housing under the Operation Safe Home program," there is little statutory language limiting OIG's discretion.<sup>4</sup>

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<sup>4</sup> Our analysis is guided by Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc., 467 U.S. 837 (1984). Chevron requires that we first ask "whether Congress has directly spoken to the precise question at issue." Id. at 842. If Congress has spoken to the question, then we "must give effect to the unambiguously expressed intent of Congress." Id. at 843. Where Congress has not spoken directly to the issue, we must defer to the agency's construction of the statute so long as it is permissible. Id.; see also Immigration and Naturalization Service v. Aguirre-Aguirre, 526 U.S. 415, 424 (1999); Auer v. Robbins, 519 U.S. 452, 457 (1997). An agency's construction is permissible if it reflects a plausible construction of the plain language of the statute and does not otherwise conflict with Congress' expressed intent. Rust v. Sullivan, 500 U.S. 173, 183 (1991). In determining whether a construction is permissible, the court does not have to conclude that the agency's construction is the only one it could have adopted or the one the court itself would have reached. Id.; Chevron, 467 U.S. at 843.

OIG rightly points out that neither the language nor the committee reports of the Operation Safe Home appropriation provides any definitional guidance. Thus, to understand Operation Safe Home's purpose and activities, we refer to other sources to help supply meaning to the language of the appropriations set-aside. See 2B Sutherland Statutes and Statutory Construction §§ 48.01 and 49.01 (5<sup>th</sup> ed. 1992) (Extrinsic aids of statutory construction include information about circumstances and events existing at or after time when a statute goes into effect and judgments and responses of authorities involved in the ongoing operation of a statute.). In this case we refer to OIG materials provided to Congress describing Operation Safe Home, such as the budget justifications, OIG semiannual reports, and letters to congressional committees. We conclude that the OIG's discretion in carrying out Operation Safe Home as described in budget justifications and other materials is broad and its rationale for the gun buybacks as the acquisition of contraband evidence is consistent with such authority.<sup>5</sup>

The Operation Safe Home initiative is an OIG coordinated investigation of criminal activities that undermine the government's investment in public housing. OIG has described Operation Safe Home as "a label given to certain key OIG priorities for OIG audit and investigative work." Letter to Ranking Member Senate Subcommittee on Housing and Transportation, Committee on Banking, Housing, and Urban Affairs, June 28, 1999. Since 1996, when the Congress began specifically appropriating funds for Operation Safe Home, OIG has used Operation Safe Home funds to support task force operations for investigating violent crime in public and assisted housing. OIG has identified the parameters of Operation Safe Home and the types of operational costs funded by the set-aside in its budget justifications. Where budget estimates include a specific purpose, which is not otherwise prohibited, the appropriation act is legally available for the expenditure even though the appropriation act does not make specific reference to it. 35 Comp. Gen. 306, 308 (1955); 28 Comp. Gen. 296, 298 (1948); B-146672, November 8, 1961. In this case, OIG's budget justifications identify operational costs such as police overtime, the purchase of contraband evidence, equipment and supplies for investigative purposes, and travel for Operation Safe Home activities.<sup>6</sup> Congressional Justifications for 1999 Estimates, HUD, reprinted in

<sup>5</sup> We previously concluded that the structure and language of the PHDEG program statute limited HUD's discretion to fund gun buybacks. B-285066, May 19, 2000. Unlike the general grant of authority to the OIG in this case, HUD's authority was limited to making grants as specified by the PHDEG program statute. HUD's rationale for funding gun buybacks did not conform to the list of eligible grant activities specified in the statute.

<sup>6</sup> OIG advises that while it did not have a policy expressly prohibiting funding of gun buyback programs with Operation Safe Home funds, it did have a policy forbidding use of Operation Safe Home funds in any arrangement that constituted or could be construed as a grant. After Operation Safe Home funds were used for the gun buyback program conducted by the MPD in 1999, the HUD IG specifically instructed OIG staff that no further gun buyback programs would be funded. OIG's May 1, 2000 letter, 1, 5.; OIG's May 23, 2000 letter, 1. We note that the funding of the gun buyback (...continued)

Hearings Before the Subcomm. On VA, HUD and Independent Agencies of the House Comm. On Appropriations, 105<sup>th</sup> Cong. 2<sup>nd</sup> Sess. Part 6, p. 519 (1998) (Budget Justifications 1999). These are also the types of costs identified by OIG in requests for funding for specific task forces. See OIG Memorandum Request for "Operation Safe Home" Funding "Operation Safe Home MPD Public Housing Division/OIG Task Force" Case File: HM10-571, August 3, 1998.

We have recognized the purchase of evidence as a necessary expense for an agency with law enforcement responsibilities. See 27 Comp. Gen. 516 (1948); B-186365, March 8, 1977. As noted in OIG semiannual reports, the purchase of contraband evidence is a commonly accepted investigatory technique used to help prosecute illegal activities. The OIG semiannual reports are replete with examples of OIG special agents posing as dealers or buyers of contraband in order to investigate illegal drug and firearms dealing, arrest the offenders and pursue criminal prosecution of those offenders. See e.g., OIG Semiannual Report to the Congress for the Period Ending March 31, 1998 (describing purchase of contraband evidence, i.e., drugs and guns, in Operation Safe Home investigations of drug and gun trafficking and violent crime in Arizona, Georgia, Hawaii, Kentucky, Maryland, Massachusetts, Mississippi, Kansas, New Jersey, New York, Ohio, Tennessee, Virginia and Washington).

OIG contends that gun buybacks are eligible for Operation Safe Home funding as the purchase of contraband evidence. In this regard, the OIG makes two arguments. The first argument, which we find to be without merit, is that the gun buyback obtained evidence of violations of the District of Columbia's handgun registration and possession laws. The second argument, which we find persuasive, is that the gun buyback involved the purchase and use of contraband evidence to further criminal investigations.<sup>7</sup> We address each of OIG's arguments in turn.

(...continued)

could be construed as a grant. A grant is defined as "[a] federal financial assistance award making payment in cash or in kind for a specified purpose." A Glossary of Terms Used in the Federal Budget Process, Exposure Draft, GAO/AFMD-2.1.1, 49, January 1993. Under 31 U.S.C. § 6304, an agency shall use a grant agreement as the legal instrument between the United States Government and a local government when "substantial involvement is not expected between the executive agency and the . . . local government . . . when carrying out the activity contemplated in the agreement."

<sup>7</sup> As a final argument OIG also noted that HUD had determined that PHDEG funds were available for gun buyback programs. We have since analyzed the availability of PHDEG funds to finance HUD's gun buybacks in B-285066, May 19, 2000. In our May 2000 letter to you, we concluded that HUD does not have the authority to administer gun buyback programs under the PHDEG program and should report to the President and the Congress in accordance with 31 U.S.C. § 1351, regarding the \$2.5 million of PHDEG appropriations that HUD has obligated for that purpose. *Id.* Thus, any reliance that the OIG attempts to draw from HUD's PHDEG program is misplaced.

With respect to the District of Columbia's handgun and registration laws, the OIG notes that the law requires all firearms to be registered and possession of an unregistered firearm is a criminal offense. D.C. Code Ann. §§ 6-2311, 6-2376. Since 1976, with a few exceptions, the District of Columbia has prohibited the registration of handguns. D.C. Code Ann. § 6-2312(a)(4). OIG argues that in funding the MPD gun buyback, it was engaging in the purchase of contraband evidence of violations of the District of Columbia firearm registration law. Since the MPD promised amnesty from prosecution for illegal possession of firearms to anyone turning in a gun, this argument is without merit.

The OIG and the MPD also contend that guns can represent or lead to evidence of crimes other than illegal possession, such as use of guns for violent crime and illegal gun trafficking. The MPD explained that "law enforcement does have a vested interest in the types of guns recovered, their origins, and whether the guns were used to commit . . . crimes." Washington Metropolitan Police Department Gun Buy-back/Amnesty Program, Comprehensive Report (MPD Comprehensive Report) vii, August 9-13 and 23-24, 1999. While we are not expressing an opinion on whether this was the most efficient or economical manner in which to purchase contraband evidence, we are satisfied that the OIG and the MPD utilized the gun buyback program to obtain contraband evidence to investigate and prosecute crime.

For the gun buyback program at issue here, the MPD took several steps to investigate whether the guns purchased were involved in other crimes. When conducting the gun buyback program, MPD officials talked to participants in order to obtain tips and follow up on leads for crimes involving guns and illegal gun trafficking. The guns were identified and tested by ATF using its firearms trafficking database, On-Line Lead, and the National Tracing Center (NTC), to match the guns to crimes and suspects. MPD Comprehensive Report, iv. The ATF's Regional Crime Gun Center (RCGC) used the results of these tests to work with other law enforcement agencies to identify the sources of illegal firearms and develop strategies to stop the flow of illegal firearms. MPD Comprehensive Report, iv. The results of the identification and testing were provided to the MPD to investigate and prosecute cases where the guns were used to commit violent crime or for illegal gun trafficking. The OIG has informally advised us that as a result of the gun buyback program, MPD received and investigated tips that led to the seizure of other firearms and closed several open criminal cases. OIG Report of Investigation, HM10-504, November 9, 1999.

Apart from the legal issue addressed in this opinion, we have an additional concern that merits comment. Although Congress has authorized the IG to conduct an Operation Safe Home "program", we are concerned about the impact the IG's exercise of such authority may have on the IG's personal and organizational independence. Clearly, both the Inspector General Act of 1978, as amended<sup>6</sup>, and applicable auditing standards<sup>7</sup> emphasize the critical importance of auditor

<sup>6</sup> Pub. L. 95-452, 92 Stat. 1101 (1978) (codified at 5 U.S.C. App. 3).

<sup>7</sup> Government Auditing Standards, 1994 Revision, June 1994, section 3.11, page 22.



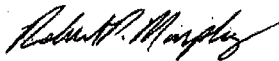
independence to the performance of the audit and investigative functions. Throughout the IG Act, Congress emphasized the importance of the independence of IGs. For example, section 2 states that the offices of the IGs are established "[i]n order to create independent and objective units . . . to conduct and supervise audits and investigations relating to the programs and operations of [those departments]." In keeping with the IG's role as an objective, independent official, section 3 of the IG Act prohibits the head of a department from preventing the IG from initiating, carrying out or completing any audit or investigation. Section 9 of the IG Act also prohibits a department from transferring to an IG "program operating responsibilities." This reflects, we believe, an understanding that absent personal and organizational independence, the auditor's ability to objectively and critically assess agency programs and activities will suffer. We have previously pointed out that the Postal Service IG was not in a position to audit Postal Service law enforcement operations in accordance with generally accepted government auditing standards because of the Inspector General's law enforcement responsibilities. Inspectors General, A Comparison of Certain Activities of the Postal IG and other IGs, GAO/AIMD-96-150, p. 4 (1996).

Here, Congress has authorized the IG to carry out a "program" to combat violent crime in public and assisted housing. Clearly, the OIG's independence to assess law enforcement activities at public and assisted housing by HUD, its grantees and contractors is subject to question given its "programmatic" responsibilities. Accordingly, we think the IG and the Congress should consider whether the long-term involvement of the IG in such activities is worth the impairment of the IG's audit and investigative independence.

#### CONCLUSION

Given the general authority provided the OIG to combat violent crime under the Operation Safe Home appropriation set-aside, for the reasons discussed above, we conclude that the Operation Safe Home appropriation set-aside is available to fund gun buybacks.

We trust that this responds to your request. Should you have any questions, please contact Mr. Thomas Armstrong or Ms. Edda Emmanuelli Perez of my staff at 512-5644.



Robert P. Murphy  
General Counsel

**DECLARATION UNDER PENALTY OF PERJURY**

My name is Georgia Sowards. I give the following affidavit voluntarily and without threat or coercion. I am currently a GS-301/13 Administrative Officer and have worked in the Office of the Inspector General (OIG) at the Department of Housing and Urban Development (HUD) for thirty years.

Even though it is personally embarrassing to me, I am giving this statement because I believe that I may have evidence that would bear on the outcome of the appeals of recent personnel actions that have been taken against other long term employees of the HUD OIG.

Recently I became aware that one employee with less than nine months to retirement was dismissed for alleged improper activity involving his use of the internet and making incorrect statements during the investigation of this matter. Even though this employee had an unblemished service record, he was dismissed for an infraction that was significantly minor in nature compared to other employees accused of similar activity.

Several of those charged with similar misconduct were senior staff members close to Ms. Gaffney. In contrast, they received little or no disciplinary action. In fact, I am aware that Ms. Gaffney took extraordinary steps to protect those management officials closest to her while applying an entirely different set of disciplinary standards to those, she wanted to get rid of. I am told that in his letter of dismissal to the above referenced individual, the Deputy Inspector General, Mr. Connors, indicated among other inaccuracies that, "no potential for rehabilitation of the individual existed."

Mr. Connor's assertion vis-a-vis this employee's potential for rehabilitation was astounding given that Mr. Connor has been arrested for drunk driving on more than one occasion and repeatedly been allowed the opportunity for rehabilitation. In addition, the record is replete with instances when Mr. Connors has ignored the improper, immoral, or unprofessional activities of a number of senior staff and management officials applying his own skewed disciplinary standards and thereby showing favoritism to a select few. At one point, the exercise of favoritism impacting his current wife became so blatant that someone registered a "hotline" complaint which resulted in a General Accounting Office (GAO) investigation. It was after that time that Mr. Connors proposed marriage to his current wife.

It is no secret within the OIG that the Inspector General has repeatedly taken little or no disciplinary action against her favored employees who have been involved in serious and sometimes unlawful activity while doling out harsh, unfair, and disparate treatment to rank and file employees, particularly minorities. In fact, many current and former OIG employees now believe that the extraordinary stress of working in this environment directly contributed to the untimely death of Special Agent Thomas Boockmeier and several others who have succumbed since Susan Gaffney became the Inspector General. It is because of all of the unfair, abusive, and disparate treatment that I have personally witnessed during my years working for the HUD OIG that I have decided to come forward.

I understand that the individual in question was charged with accessing the internet to view material that some would view as sexual in nature. His termination stands in marked contrast to OIG's treatment of senior personnel who engaged in similar offenses.

Since approximately 1985 and, while I was under his direct supervision, I have had a

close, personal, and intimate relationship with John Connors the current Deputy Inspector General. In the beginning, I was in love with John, and I believed he was in love with me however, since Susan Gaffney became the Inspector General I have witnessed changes in John's personality that I do not like.

John was still married to his first wife when our relationship began. Many times during the last fifteen years our relationship included sexual intercourse on the sofa in his office and, in the conference room on the conference table. Generally, these romantic episodes would take place after drinks with several other OIG employees at a bar in the plaza adjacent to our office. Given that several of the employees who joined us were very senior, and more than one worked in the Office of General Counsel, I am sure that our relationship was well known to the executive staff who chose to tolerate it.

I am not the only subordinate of Mr. Connors who had a sexual relationship with him. Because we were close at one time, Mr. Connors shared much of his private life with me. For instance, John told me that there were times prior to and during our twelve or thirteen-year relationship that he pursued romantic interests with other OIG employees including Sandra LaPorte, Judy Beerman, and his current wife, the former Dorothy Michaelson. When John married his current wife, we discontinued our affair until after the birth of his first son however, we resumed the affair during the course of his current marriage and maintained it until approximately the time his wife became pregnant with his second child.

Even though it is humiliating to make this declaration, I feel it is important because I believe that John has repeatedly and unlawfully abused a position of trust. As an example, I am aware that during the time John was romantically involved with each of the women I have named,

he promoted all of us, myself included. For my entire career I have been a dedicated, loyal, and a hard worker and I absolutely believe that from a merit perspective I am qualified for and deserve the grade I currently hold. However, because of the qualifications, timing, and circumstances surrounding the promotions we all received, I have reluctantly concluded that we were given special consideration by John that was not afforded other OIG employees and applicants because of our romantic involvement with him. Because I fear retaliation, the only other person I have previously shared this information with was my immediate supervisor in OMAP prior to his retirement earlier this year.

I hereby declare under a penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Georgia Sowards  
GEORGIA SOWARDS

12/1/00  
Date



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
Office of the Inspector General  
Office of Investigations  
Great Plains District

## MEMORANDUM

October 1, 1995

TO: Susan M. Gaffney  
Inspector General

THRU: Nancy S. Brown, SAC

FROM: Bryon T. Potter  
Special Agent

SUBJECT: Training Recommendations

Our firearms instructors need updated training more relevant to the SAFE HOME mission. Not too long ago the only place a HUD/OIG special agent might serve a search warrant would be on a filing cabinet in some executive's office. Times have changed however, and reality dictates a different approach. The *combat mindset* and a certain degree of ruthlessness need to be carefully instilled in our agents' minds to help ensure their survival.

The combat mindset in law enforcement is a necessary evil. It's evil because nobody in their right mind wants to splatter someone's brains all over the wall. But it's necessary because if that's what it's going to take to stop a lethal force confrontation then it's essential if you don't want to end up *second place* in a two-man gunfight.

While there is no substitute for seeing and experiencing the destruction of human tissue, proper training can go a long way to hammer home the message. Our firearms instructors should know how to safely induce the maximum amount of adrenaline during training sessions. This can be achieved by putting agents through as many *stress* courses as possible. This alone is not enough, however, because the trainee is never really taking human life if shooting is required in a specific scenario. He is merely delivering rounds to an inanimate object, and not being fired upon himself.

Videos can also be successfully used in this endeavor. No amount of *Hollywood* movies can instill the realism and violence of an actual encounter. There are however numerous videos and training films with actual footage of unedited situations, blood, emotion and all. These should be utilized in a somber, controlled environment coupled

with quality classroom instruction.

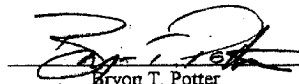
The *civilized* mindset of many agents in the field will have to change. It must be replaced by the fighting man's requisite ruthlessness, atleast until the kinder, gentler world everyone has been hearing about finally shows its face in public housing. This means that our agents may very well have to rip the mortal coil off a 10-year-old kid, or light up a woman. And if this thought disgusts them, maybe they should pay for their tombstones now-because they're going to freeze if it comes down to it. Ask the widow of the Omaha police officer gunned down in cold blood by several of these *children* last month in a South Omaha housing project.

If they're old enough to point a gun at someone and they possess malicious intent and the full knowledge of the destruction potential, they're old enough to eat a couple of bullets. It's called responsibility for their actions, regardless if their daddy sucked down too many Jack Daniels or their mommy loaned out her body parts for financial gain. If they want to play the game they must be ready to pay the price.

If they haven't already, our agents may soon have the dubious pleasure of dealing with a *crack mama* who would just as soon kill them as look at them. And she will try. Gangs continue to utilize females for two reasons: They are more vicious than their male counterparts, and they know they have the reaction time edge because *nice guys* tend to freeze momentarily at the thought of capping a woman-a result of our *civilized* upbringing and social graces. Of course, if you concentrate on the threat and not the child's size or the woman's cleavage the problem is no big deal-but tactically for most people that is easier said than done.

We need to first provide updated training to our firearms instructors and give them the knowledge and skills they need to teach all of our agents that if they have to resort to ruthlessness, violence and calousness to survive a deadly force confrontation, so be it-irrespective of who or what the opponent is.

When we lost an agent in the Oklahoma City bombing, the whole HUD/OIG community pulled together behind the leadership in Washington. Agents traveled far and wide to show their respects and money did not seem to be an issue. I would hope that the effort and commitment to *keep* our agents alive would be even greater-it's a simple matter of priorities.

  
Bryon T. Potter  
Special Agent



U.S. Department of Housing and Urban Development  
**Office of Inspector General**  
 451 7<sup>th</sup> St., S.W.  
 Washington, D.C. 20410-4500

February 1, 2001

MEMORANDUM FOR: All OIG Employees

FROM: Susan Gaffney, Inspector General, G

SUBJECT: Final Disciplinary Actions for 2000

In connection with the development of OIG Manual 752.1, which pertains to disciplinary actions, various personnel indicated an interest in receiving periodic information concerning actions that had been taken. The following is a list of final actions that were taken in calendar year 2000 and January of 2001. This list does not include any actions that may have been proposed but failed to become effective because of the resignation or retirement of the subject employee.

Reprimands:

Twenty employees received reprimands for: (a) having used GOVs after having had alcohol (four employees);\* (b) having had an arrest and conviction for driving under the influence in a POV (first time; self-disclosure; not on duty and not carrying a weapon); (c) misusing government computers for personal reasons (no sexually explicit material involved) (three employees); (d) failing to attend the required quarterly firearms qualifications training (two employees); (e) altering price of merchandise; (f) failing to carry out supervisory instructions (six employees); (g) engaging in disruptive behavior in the office (single event); (h) displaying disrespect towards supervisor; and (i) losing government property.

Suspensions:

Six employees were suspended from three to 70 days for: (a) misusing government computer for personal reasons (no sexually explicit material involved); (b) unprofessional conduct in the office (including hostility, undermining other agents and bad mouthing other agencies); (c) inadequate supervision of a subordinate; (d) use of a government computer to

\* These final actions should be viewed as anomalies, and shall not be considered as precedent in future proposed and/or final actions. These cases involved allegations of misuse several years in the past; the only credible evidence of misuse were the employees' own admissions, which in some cases were ambiguous; and there were significant levels of mitigation.



access Internet sites containing sexually explicit material, and excessive personal use of a Government computer to access non-work related Internet sites; (e) willful misuse of a GOV, negligent loss of weapon, violating OIG policy prohibiting driving a GOV after consumption of alcohol and violating OIG policy prohibiting consuming alcohol when carrying a weapon is anticipated; and (f) engaging in disruptive behavior in the office (multiple events).

Additionally, one employee was demoted for failing to take appropriate action upon receipt of information regarding job-related wrongdoing on the part of a subordinate and refusal to cooperate with an investigation.

#### **Removals:**

Removals were issued to four employees for the following misconduct: (a) conduct unbecoming a Federal law enforcement officer, failure to provide complete and accurate information on an official form, pattern of behavior covering up a conviction, and abuse of leave; (b) misuse of position, mishandling of a weapon and making false statements; (c) willful misuse of a government vehicle, violating HUD OIG policy prohibiting driving GOV after consumption of alcohol, violating HUD OIG policy prohibiting consuming alcohol while carrying a firearm, providing misinformation to supervisors resulting in the misuse of government funds and failure to follow supervisory instructions and established procedures; and (d) misuse of a firearm, assaulting/striking an employee, pattern of lying and/or covering up improper managerial actions or misconduct, misuse of appropriated funds, damaging government owned vehicles, conduct unbecoming a federal law enforcement officer, insubordination, failure to take appropriate action regarding staff drinking while carrying weapons, misuse of Operation Safe Home funds, abuse of authority; and unauthorized contracting and violation of federal procurement regulations.



**NOMINATIONS OF:**  
**DIANE L. TOMB, OF VIRGINIA**  
**TO BE ASSISTANT SECRETARY OF**  
**PUBLIC AFFAIRS, U.S. DEPARTMENT OF**  
**HOUSING AND URBAN DEVELOPMENT**  
**AND**  
**VICKERS B. MEADOWS, OF VIRGINIA**  
**TO BE ASSISTANT SECRETARY FOR**  
**ADMINISTRATION, U.S. DEPARTMENT OF**  
**HOUSING AND URBAN DEVELOPMENT**

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**TUESDAY, DECEMBER 18, 2001**

U.S. SENATE,  
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,  
*Washington, DC.*

The Committee met at 2:50 p.m., in room SD-538 of the Dirksen Senate Office Building, Senator Paul S. Sarbanes (Chairman of the Committee) presiding.

**OPENING STATEMENT OF CHAIRMAN PAUL S. SARBANES**

Chairman SARBANES. The Committee will come to order.

I am sorry that we were delayed in getting the hearing started. I think before I make my opening statement and turn to Senator Gramm, other Members of the Committee, and swear in the witnesses, I will turn to Congressman Portman because I know that he may well have some conflicting obligations over on the House side, and we very much appreciate his coming today. Why don't you go ahead. We will be happy to hear from you.

**STATEMENT OF ROB PORTMAN**  
**A U.S. REPRESENTATIVE IN CONGRESS FROM**  
**THE STATE OF OHIO**

Representative PORTMAN. Mr. Chairman, thank you very much for the privilege of being able to be here this afternoon to talk a little bit about my former colleague, Diane Tomb.

Senator Gramm, good to see you again. Thank you for having me. Senator Reed, good afternoon.

Diane has been nominated for the position of Assistant Secretary of Housing and Urban Development for Public Affairs. She has a strong background in housing matters. Her most recent position is as Senior Vice President for Communications at the Fannie Mae

Foundation, which had her overseeing efforts to educate the public about affordable housing and homebuying processes. They are the biggest housing foundation in America and she received good experience there.

In addition to that, she has a lot of experience in public affairs, having worked prior to Fannie Mae as the Director in the public affairs practice at the Washington office of Burston, Marsteller.

I got to know her in the Bush Administration a few years ago, the first Bush Administration, where I was in legislative affairs and she was in the press office. We worked on a number of projects together and I was always impressed with her work ethic, her creativity, her approach to problems, and her effectiveness.

She is a person who gets things done and has the kind of strong character with that background that I think would be appropriate for this very important position.

She also cares a lot about housing. We talked a little bit before the hearing, Mr. Chairman, about some of her efforts at Fannie Mae and some of her objectives at HUD.

I think that she would be a great asset, not just to the Bush Administration, but also to this Committee, frankly, and to the House Committee, to promote issues that we all care about in terms of availability of housing.

She is the person who has the kind of background skills that I think we should encourage in terms of public service.

I am delighted she is interested in reentering public service, and I urge that she be given favorable treatment by this distinguished panel, and go on to be able to serve President George W. Bush.

I thank you again, Mr. Chairman, for allowing me to be able to be here this afternoon.

Chairman SARBANES. Thank you very much for coming. We appreciate it. I know that you have to excuse yourself, but thank you.

Representative PORTMAN. Thank you, sir.

Chairman SARBANES. This afternoon, the Committee meets in order to consider the nominations of Diane Tomb, the nominee to be the Assistant Secretary for Public Affairs, and Vickers Meadows, the nominee for the position of Assistant Secretary for Administration, both at the Department of Housing and Urban Development.

Secretary Martinez spoke to us about his desire to try to get his people into place before this Congress concludes, and so, we have scheduled this hearing on rather short notice in order to try to respond to the Secretary's request. In fact, these nominations came to us only recently, and we are very willing to try to assist the Secretary in his efforts to get his team into place. I want to thank my colleagues for their response in that regard.

Diane Tomb has had extensive experience in the field of public relations, most recently, as Congressman Portman indicated, as Senior Vice President for Communications at the Fannie Mae Foundation. Prior to that, she was a Vice President and Director for Burston Marsteller, and has held a number of positions in the public affairs field.

Vickers Meadows—another Texan, I might observe, to my colleagues—was in charge of administration in the office of then-Governor Bush in Texas. She's originally, though, from Alexandria, Virginia, and she's had previous work in the White House. In fact,

she has been working in White House management for the first part of this year.

So, we are very pleased to have both nominees before us.  
 Senator Gramm, I yield to you for any statement.

#### **COMMENTS OF SENATOR PHIL GRAMM**

Senator GRAMM. Mr. Chairman, first of all, let me thank you for holding this timely hearing. There are various complaints raised about whether or not we are moving fast enough on nominees, and some chairmen perhaps are subject to the complaint that we are not. But none of that would apply to you, and I want to thank you very much.

Chairman SARBANES. Thank you.

Senator GRAMM. It seems to me, Mr. Chairman, we have two people before us that have extensive experience in the Department of Transportation, the Department of Commerce, and various parts of the White House, the Executive Branch of Government. I believe they are eminently qualified and I again want to thank you for this timely hearing.

Chairman SARBANES. Thank you.  
 Senator Reed.

#### **COMMENTS OF SENATOR JACK REED**

Senator REED. Thank you, Mr. Chairman.

Mr. Chairman, I want to thank you for expeditiously holding this hearing. I also want to congratulate the nominees before us today. I do not have an opening statement.

Chairman SARBANES. It is the practice of this Committee to place nominees under oath. So, I would ask you both to stand so that I can administer the oath.

Do you swear or affirm that the testimony that you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Ms. MEADOWS. I do.

Ms. TOMB. I do.

Chairman SARBANES. Do you agree to appear and testify before any duly-constituted committee of the U.S. Senate?

Ms. MEADOWS. I do.

Ms. TOMB. I do.

Chairman SARBANES. Thank you very much. Please take your seats and we would be happy to hear from you.

Ms. Tomb, why don't we start with you, and then we will go to Ms. Meadows.

#### **STATEMENT OF DIANE L. TOMB, OF VIRGINIA TO BE ASSISTANT SECRETARY OF PUBLIC AFFAIRS U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Ms. TOMB. Thank you, sir.

Chairman Sarbanes, Ranking Member Gramm, and distinguished Committee Members, it is a privilege to appear before you today as the nominee for Assistant Secretary for Public Affairs for the U.S. Department of Housing and Urban Development. And thank you, Congressman Portman, for your kind introduction.

I am honored that Secretary Martinez and President Bush have nominated me to serve in this position, and, sir, I would like to thank you again for taking this time out of your busy schedule. I appreciate your going forward with this.

I would like to introduce my parents, my husband, and my in-laws who are here with me today, sitting behind me. Paul and Beth Tomb, my husband, Mark Tomb, and my parents, Sally and Tony Leneghan. They came down from Philadelphia this morning by train. The timing worked very well for us.

Chairman SARBANES. We are very pleased to have them here.

Ms. TOMB. My children are not here today. I thought I would spare you all two year-olds running around wildly, but I would like to acknowledge my daughter, Emma, and my son, Shane, because they are a big part of our lives as well.

My parents came to this country from Ireland in 1959, in search of opportunities. They chose America on my behalf and I cannot be more grateful for that choice than I am today.

The U.S. Department of Housing and Urban Development's core mission is to help families find decent, affordable housing and to find solutions to community development challenges in America. Creating opportunities for all Americans to become homeowners is a fundamental component of HUD's mission.

Of course, the other issues considering affordability, availability, and educating people on predatory lending practices and other things, are other areas that HUD focuses on.

The Public Affairs Office at HUD plays a very essential role in educating and in informing the public about HUD's initiatives. If confirmed, I look forward to keeping the media and all interested parties informed on HUD's work. I believe an informed public is crucial to the democratic process and leads to better policymaking from which we all benefit.

My career has been centered around communications, most often and most rewardingly, on public education campaigns. I have spent the last 4 years developing ways to communicate the importance of homeownership and demonstrating how owning a home is a gateway to opportunity and improvement for individuals, families, and communities. It is an honor to continue to focus on these important issues at HUD, if confirmed.

Work in the realm of housing becomes a lot more personal when we remember that it all boils down not to numbers and reports, but to a real and unmistakable impact on the lives of individuals, families, and kids. At the end of the day, HUD exists for one reason only—to make life better for people.

There is, of course, much more on the agenda, and I hope you will see fit to approve my appointment so that I might contribute to this work.

With your approval, my role will be to keep the public informed of this agenda, as directed by the Administration.

Thank you again for this opportunity to address you today. This concludes my testimony. I am prepared to answer any questions or comments you may have.

Chairman SARBANES. Thank you very much.

Ms. Meadows.

**STATEMENT OF VICKERS B. MEADOWS, OF VIRGINIA  
TO BE ASSISTANT SECRETARY FOR ADMINISTRATION  
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Ms. MEADOWS. Chairman Sarbanes, Senator Gramm, and distinguished Members of the Committee, thank you for inviting me here today.

I would like to introduce my husband, James Meadows, behind me, whose support I very much appreciate.

It is an honor to be nominated for the position of Assistant Secretary for Administration at the U.S. Department of Housing and Urban Development. I am very grateful for the confidence that President Bush and Secretary Martinez place in me.

My experience in administration spans over 20 years. I have served in an administrative management position for over 10 years in the following organizations: The Office of the Vice President; the Office of the Executive Secretary at the U.S. Department of Transportation; and the Office of the Governor of the State of Texas. My experience in administrative services and management provide a solid foundation for the Assistant Secretary for Administration position at HUD.

I am committed to the responsibilities and challenges that come with this position. Under Secretary Martinez's leadership and, if confirmed, I am confident that we will move the HUD organization to a more efficient and effective operation.

Thank you again for the opportunity to appear before you today. Your time and your consideration are appreciated.

Chairman SARBANES. Thank you very much. I am going to yield to Senator Gramm. He has a conflicting engagement and before he goes, I want him to have an opportunity.

Senator GRAMM. Mr. Chairman, thank you, as always, for your kindness. We appreciate your holding this hearing.

I intend to support both our nominees. We have a lot of work to do at HUD. I think we are all impressed with our new Secretary. I think this Committee is very open to ways we can improve on our programs to try to help people have decent housing and to maximize the number of people who can have their own home.

I do not have any questions and again, I want to thank you, Mr. Chairman.

Chairman SARBANES. Thank you.

Ms. Tomb, your work at the Fannie Mae Foundation, I know that the Foundation has done a lot of work on the homeless situation. I wondered whether you were involved in that aspect of the Foundation's work?

Ms. TOMB. Yes, sir. Actually, serving the homeless and identifying ways to come up with solutions to the homeless problem is one of the top priorities of the Fannie Mae Foundation.

I personally was responsible for the Help the Homeless Walk, which is done here in Washington every year. Every year we have increased—this year I think was the highest. I wasn't personally involved because I had already left the Foundation by November. But we worked on this throughout the year, and we had more than 40,000 individuals, young folks, as well as folks like myself, who are much older, involved.

I believe last year we raised \$5 million and the goal this year was \$6 million, which is the largest effort across the country to help the homeless.

I think that one of the most impressive things of the Help the Homeless effort is that 98 percent of that money goes to nonprofits here in Washington. So the Fannie Mae Foundation covers all of the administrative costs and all the money raised goes directly to the nonprofits. There are over 150 service providers in the metropolitan area.

Chairman SARBANES. It is a terrific program. Do you think that the homeless problem is as much of a priority at HUD as it is at the Fannie Mae Foundation? Or if it is not, do you think you could help make it so?

Ms. TOMB. If confirmed, sir, I will do my best to address the issues as they arise.

Chairman SARBANES. I think there is a real opportunity there. Do you have any thoughts about this continuum of care with respect to the homeless, a sort of comprehensive approach to the homeless problems? Do you have any sense about that question?

Ms. TOMB. Again, sir, if confirmed, I will do my best to be up to speed on that issue.

Chairman SARBANES. Yes.

Ms. TOMB. From what I know from my background, it is obviously something that needs to be addressed. I think there are lots of different approaches that would be effective. Again, if confirmed at the Department of Housing and Urban Development, we will be able to approach that problem.

Chairman SARBANES. Ms. Meadows, the GAO has done a number of recent studies on issues that would actually involve the administration to HUD. Actually, they did two studies late this year on problems with the information systems at HUD. Have you had a chance to be briefed by the GAO about these studies or about the problems that they have identified?

Ms. MEADOWS. No, sir, I have not. But I look forward to the opportunity. I realize that there are important issues with regard to IT and Federal agencies, and I, if confirmed, will make that a top priority at Housing and Urban Development.

Chairman SARBANES. What is your perception of the current state of affairs with respect to administration at HUD? Do you have any sense of that?

Ms. MEADOWS. Well, I am in the process of ascertaining the state of affairs. I have been on board as a consultant for a week and am learning as quickly as I can. But I feel that, if confirmed for this position, I will have a better opportunity to get in and assess the strengths and weaknesses and will get to work on fixing what needs to get fixed.

Chairman SARBANES. Of course, at one time GAO labelled HUD a high-risk agency. They have removed that rating. To what extent do you perceive HUD as still being in the high-risk status in terms of the operations of the Department?

Ms. MEADOWS. I do not know the answer to that and I really do not want to speculate on that until I have an opportunity to get in and again assess the situation. I haven't had any reason to think there are any crises at this time.



Chairman SARBANES. Senator Reed.

Senator REED. Thank you very much, Mr. Chairman.

Welcome, ladies, and thank you for your testimony.

Ms. Tomb, following along on the theme that Senator Sarbanes set, and that is, part of your job is to—the right term might be or might not be—defend the Department. But one of your reforms I think is to try to focus attention on the housing issues that Americans confront today. Many of us feel that there is a real crisis in housing in terms of affordability, accessibility, that not only affects where one lives, but also if one can be an effective student in school if you are a child and on and on and on. And so, I would ask simply, is it your intention not only to defend the Department, but also to illuminate the issues of housing in this country?

Ms. TOMB. Thank you, sir. If confirmed, I think it is important that all of those issues become top priority for everyone. And so, one of my goals will be, again, if confirmed, sir, to communicate the importance of housing and community development and how it affects all aspects of people's lives.

Senator REED. Thank you.

Ms. Meadows, what do you believe are the biggest challenges you face? Again, Senator Sarbanes, I think set the context very well. This is an agency that has been criticized routinely by GAO. This is an agency that has been beaten about the head and shoulders by many in the Senate and the House, sometimes I think as an after-the-fact justification for not putting enough money into housing programs in this country. But, nevertheless, as you contemplate taking this role, what are the key challenges you see in terms of the administration of HUD?

Ms. MEADOWS. Well, I see going in and looking at the policies and procedures and the systems. It is a big agency.

Making the Department more accountable for the systems, the procurement, the IT, the internal infrastructure, making sure that there are accountability measures in place, that there are performance measures in place with outcomes, and ensuring that the program offices have the resources they need to get their jobs done.

Senator REED. What are the important procurement issues that are facing the Department, since I believe that that will be part of your responsibilities?

Ms. MEADOWS. If confirmed, that will be one of my top priorities, to look at the procurement processes, and the IT processes. I have not had the opportunity to get in and really assess the strengths and weaknesses of the different programs. But that will be a top priority for me if I am confirmed.

Senator REED. In your prior experience, and you have administrative experience as indicated in your resume, how many people generally were you supervising? What was the size of the agencies? I know that the Department of Transportation is significant. Is that comparable to your responsibilities at HUD, in your view?

Ms. MEADOWS. No, the staff was not as big in the Office of the Executive Secretary. We certainly had responsibility to provide support for all of the offices within the U.S. Department of Transportation. I have a similar function here. If confirmed, my responsibility will be to provide resources to all the offices.

It is a larger staff but I certainly won't be responsible for each individual one. They have managers and supervisors. I see the Assistant Secretary for Administration having five or six direct reporters who will have large staffs and have the expertise and have been there a long time and I will rely on that.

Senator REED. Well, you are entering into this position at a time when the agency has improved. That is clear. GAO has taken them off their—whatever the proper term.

Ms. MEADOWS. High risk.

Senator REED. Their high-risk agency list. And your goal is not only to keep them off that list, but also to improve the performance of the agency dramatically because, ultimately, it is about spending resources wisely on housing, not on administration. So, you have that task.

I wish you well.

Ms. MEADOWS. Under Secretary Martinez's leadership, I think we will leave it better off than we found it.

Senator REED. I hope so. We are going to try to make sure that happens, in our own meager way.

Finally, Ms. Tomb, I am just intrigued. Where do your parents come from in Ireland?

Ms. TOMB. They are sitting right here behind me. They are from County Mayo in the western part of Ireland.

Senator REED. County Mayo. Well, that alone is commendable.

Ms. TOMB. Yes, I know.

[Laughter.]

Senator REED. Thank you, Mr. Chairman.

Ms. TOMB. Thank you, sir.

Chairman SARBANES. Ms. Meadows, I want to pursue this procurement issue which Senator Reed raised.

One of the reasons HUD received this high-risk rating from the GAO was the poor oversight of procurement. Now to deal with that, or in response to that, Secretary Cuomo hired a Chief Procurement Officer. But he had that officer report directly to him or the Deputy Secretary. So they, in effect, elevated the Procurement Officer in an effort to sort of clear up that problem. The National Academy of Public Administration said this change was a key reason for improvement in the procurement in the Department.

Now HUD has restructured the Office of Administration so that the Chief Procurement Officer will report to the Assistant Secretary instead of directly to the Secretary. And I guess there is some concern about what will happen to procurement reform under this arrangement.

I do note that apparently, the Chief Procurement Officer at HUD who was the one who sort of did the improvements that received this favorable or laudatory comment from the National Academy of Public Administration, has retired. So what is your thinking on this procurement issue?

Ms. MEADOWS. I think procurement is a very important part of any Federal agency's functions. I certainly am not well versed on the procurement situation at HUD at this point in time. I do not really want to speculate on whether that was good or bad.

I was a procurement officer years ago. I understand the importance of procurement and I can assure you that I will be spending

a lot of time making sure that the procurement reforms that are in place are still intact.

Chairman SARBANES. I guess your immediate challenge will be to get a new procurement officer.

Ms. MEADOWS. Yes, sir. There are some procedures in place, or there are candidates, I understand, that have been brought forward. But I have not been part of that process.

Chairman SARBANES. It is a tremendous challenge. We have had a lot of difficulty with HUD and its administration over the years. As Senator Reed has pointed out, it is an issue in which this Committee has interested itself, almost by necessity. It is an issue that obviously we will be monitoring closely as we proceed ahead.

But it is a very large agency and, unfortunately, it has had these problems, so serious at one point that they received this high-risk designation, which not all that many—thank goodness—agencies—well, I was going to say achieve, but I guess a better way to put it would be sink to or something of that sort.

We are very concerned about the operations of HUD.

Ms. Tomb, the only other thing I want to raise with you is many of these HUD programs are very complex. You have probably seen that from your work at Fannie Mae, with the Foundation.

I think some thought needs to be given as to how the Department communicates with the general public about what it is trying to do and how it is trying to do it.

I think the public does not fully understand the importance of the work and exactly how HUD is going about and trying to accomplish its objectives. And presumably, that is a matter that will fall under your jurisdiction. Have you had any chance to talk with the Secretary about that?

Ms. TOMB. I have not had a chance to talk to him directly about that, sir. But in the interview process, it was definitely something that came up. He was very concerned about the perception, in many cases, rightfully so, that exists.

If confirmed, one of the first things I would like to do is really work with the current staff there to come up with some techniques and some alternative uses of the resources we have to communicate to those who we interact with most, and that would be the consumers.

With my background I feel I can bring a lot from the public education campaigns that I have worked on. For instance, we did one on educating people on the importance of credit, particularly in the low- to moderate-income. There were some cultural differences in how people approach credit and understanding that if you pay your bills late, even if they are late, that there still are some adverse effects of that.

So, I believe, if given the opportunity, that I will make it a priority to really be thoughtful about how do we educate people on the importance of HUD and the work that we are doing, and try to overcome the public perception that exists of HUD, and to talk about the good work that we will be doing.

Chairman SARBANES. Thank you.

Senator Reed, any further questions?

Senator REED. No, Mr. Chairman. Thank you.

Chairman SARBANES. Thank you both very much for appearing before the Committee.

The hearing stands adjourned.

[Whereupon, at 3:17 p.m., the hearing was adjourned.]

[Prepared statements and biographical sketches of the nominees supplied for the record follow:]

**PREPARED STATEMENT OF DIANE LENEGHAN TOMB**

ASSISTANT SECRETARY OF PUBLIC AFFAIRS-DESIGNATE  
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

DECEMBER 18, 2001

Mr. Chairman, Senator Gramm, and distinguished Senators, it is a privilege to appear before you today as the nominee for Assistant Secretary of Public Affairs for the U.S. Department of Housing and Urban Development. And thank you Congressman Portman for your kind introduction.

I am honored that Secretary Martinez and President Bush nominated me to serve in this position, and that you are taking the time to consider my nomination.

Joining me are my husband, parents, and in-laws. As proud as I am to be here, they are pretty excited, too.

My parents came to this country from Ireland in 1959 in search of opportunities. My parents chose America on my behalf. I could not be more grateful for that choice than I am today.

The U.S. Department of Housing and Urban Development's core mission is to help families find affordable, decent housing and to find solutions to the housing and community development challenges in America. Creating opportunities for all Americans to become homeowners is a fundamental component of HUD's mission.

The Public Affairs Office at HUD plays an essential role in educating the public about HUD's initiatives. If confirmed, I look forward to keeping the media and all interested parties informed on HUD's work. I believe an informed public is crucial to the democratic process and leads to better policymaking.

My career has been centered on communications, and most often on public education campaigns. As the Senior Vice President of Communications at the Fannie Mae Foundation, I have spent the last 4 years developing ways to communicate the importance of homeownership and demonstrating how owning a home is a gateway to opportunity and improvement for individuals, families, and communities. It is an honor to continue to focus on these important issues.

America is now in a renaissance of homeownership. More than 70 million families own their own home. This is as high as that number has ever been, and it encourages us to spread the opportunity to even more people. In particular, I look forward to being a part of HUD's effort to reach out to America's minority communities that do not yet share in the same high level of homeownership. Secretary Martinez has asserted that one of HUD's top priorities will be just that, and that it will be worth the effort.

Work in the realm of housing becomes a lot more personal when we remember that it all boils down not to numbers and reports, but to a real and unmistakable impact on the lives of individuals, families, and kids. At the end of the day, HUD exists for one reason only: To make life better for people.

With your approval, my role will be to keep the public informed of this agenda as directed by the Administration.

Thank you again for this opportunity to address you today. This concludes my testimony. I am prepared to answer any questions or comments you may have.



STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES
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**Name:** Tomb Diane Leneghan  
 (Last) (First) (Other)  
**Position to which nominated:** Assistant Secretary of Public Affairs, United States Department of  
 Housing and Urban Development  
**Date of nomination:**  
**Date of birth:** 11/09/64 **Place of birth:** Philadelphia, PA  
 (Day) (Month) (Year)  
**Marital Status:** Married  
**Name and ages of children:** Emma Christina Tomb Age 22 months  
 Shane Anthony Tomb Age 15 months

Education:	Institution	Dates attended	Degrees received	Dates of degrees
	Mount Saint Mary's College Emmitsburg, MD	September 1982- May 1986	B.A. Political Science B.A. History	May 1986

**Honors and awards:** List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships and any other special recognitions for outstanding service or achievement.  
 -Nominated in 2001 to participate in the Aspen Institute Leadership Program  
 -Selected to participate in the American Council of Young Political Leaders Delegation to Taiwan in 1998

**Memberships:** List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Dates
Officer and Senior Vice President of Communications For the Fannie Mae Foundation	February 1998-August 2001
Vice President, Member of the Board of Directors Families for Private Adoption	June 2001-present

**Employment record:** List below all positions held since college, including the title or description of job, name of employment, location of work, and inclusive dates of employment.

October 1986-January 1989	Staff Assistant/Scheduling Office- Office of the Vice President, The White House, Washington, D.C.
January 1989-January 1990	Special Assistant, The Counsel's Office, The White House, Washington D.C.
January 1990-January 1992	Press Assistant, Press Office, The White House, Washington D.C.
January 1992-January 1993	Associate Director Office of Business Liaison, U.S. Department of Commerce
	Director of Public Affairs, International Trade Administration, U.S. Department of Commerce
January 1993-June 1993	Senior Account Executive, PowellTate PR Firm, Washington, D.C.
August 1993-May 1994	Account Supervisor, Stoorza, Ziegau and Metzger PR Firm, San Diego, CA
August 1994-November 1994	Press Secretary to First Lady of California, Wilson for Governor Campaign, Sacramento, CA
April 1995-December 1995	Vice President, Burson-Marsteller PR Firm, Washington, DC
January 1996-May 1996	Deputy Communications Director, Dole For President, Washington DC
May 1996-February 1998	Vice President/Director, Public Affairs Practice Burson-Marsteller, Washington, DC
February 1998-August 2001	Senior Vice President for Communications, Fannie Mae Foundation, Washington, DC

**Government**

**experience:** List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

October 1986-January 1989	Staff Assistant/Scheduling Office- Office of the Vice President, The White House, Washington, D.C.
January 1989-January 1990	Special Assistant, The Counsel's Office, The White House, Washington D.C.
January 1990-January 1992	Press Assistant, Press Office, The White House, Washington D.C.
January 1992-January 1993	Associate Director Office of Business Liaison, Director of Public Affairs, International Trade Administration, U.S. Department of Commerce

**Published**

**Writings:** List the titles, publishers and dates of books, articles, reports or other published materials you have written.

None

**Political**

**Affiliations**

**and activities:**

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

V.I.E.W. (Value in Electing Women) Pac 1997-2000

**Political**

**Contributions:**

Itemize all political contributions of \$500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

George W. Bush for President 11/00 -- \$500

**Qualifications:**

State fully your qualifications to serve in the position to which you have been named.

Over 15 years of experience and a proven track record in public affairs at the highest levels in the public and private sector. The last four years have been focused on community development and housing issues. I have strong leadership and management skills which will enable me to serve the Administration the best of my ability in this position if confirmed.

**Future employment**

**relationships:**

1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

Yes, I will sever all connections.

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

I have no plans to resume employment with my previous employer.

3. Has anybody made you a commitment to a job after you leave government?

No

4. Do you expect to serve the full term for which you have been appointed?

Yes



**Potential conflicts  
of interest:**

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

I am currently enrolled in a retirement plan with the Fannie Mae Foundation. I have agreed to roll-over the retirement plan into another account or accept a lump-sum payment within 90 days if I am confirmed.

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

I plan to divest my Fannie Mae stock if confirmed.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

None

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

If any conflict of interest is disclosed I will promptly do everything in my power to resolve it immediately to meet all standards required to serve in this position.

**Civil, criminal and  
investigatory  
actions:**

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

None

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.

None

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES
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Name:	Meadows	Vickers	Bryan
	(Last)	(First)	(Other)

Position to which nominated: Housing and Urban Development Assistant Secretary for Administration

Date of nomination: November 14, 2001

Date of birth: March 30, 1957

Place of birth: Alexandria, VA

(Day) (Month) (Year)

Marital Status: Married to James R. Meadows, Jr.

Name and ages of children: none

Education:	Institution	Dates attended	Degrees received	Dates of degrees
	T.C. Williams High School	1973-1975	HS diploma	June 1975
	Green Mountain College	1975-1977	Associate of Arts	May 1977

**Honors and awards:** List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships and any other special recognitions for outstanding service or achievement.

n/a

**Memberships:** List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Dates
Texas Incentive and Productivity Commission, Designated Chair	1995-2000

**Employment record:** List below all positions held since college, including the title or description of job, name of employment, location of work, and inclusive dates of employment.

7/2001 to present	not currently employed
1/01 to 6/01	The White House, Washington, DC Special Assistant to the President and Director of White House Management
12/00 to 1/01	Bush-Cheney Presidential Transition, Washington, DC and McLean, VA Director of Administration
01/95 to 12/00	Office of the Governor, Austin, TX Director of Administration
	Between 1993 and 1995: Married, relocated to Texas and renovated a home
02/89 to 01/93	US Department of Transportation, Washington, DC Director and Deputy Director of the Executive Secretariat
03/87 to 02/89	Office of the Vice President, Washington, DC Special Assistant to the Vice President for Administration
05/85 to 05/87	The White House, Washington, DC Procurement Officer and Director of Presidential Gifts
03/84 to 05/85	Reagan-Bush '84 Campaign Headquarters, Washington, DC Cost Center Manager
02/81 to 03/84	Republican National Committee, Washington, DC Assistant to the Comptroller
12/80 to 2/81	Presidential Transition Foundation, Inc Manager, Travel Expenses
08/80 to 12/80	Reagan-Bush '80 Campaign Headquarters, Arlington, VA Assistant to the Treasurer
	Between 1977 and 1980: Held various jobs in the Killington Vermont ski area

**Government experience:** List any experience in or direct association with Federal, State, or local governments, including any advisory, consultative, honorary or other part time service or positions.

**Federal**

The White House  
The Office of the Vice President  
US Department of Transportation

**State**

Office of the Governor George W. Bush, Austin, Texas

**Published Writings:** List the titles, publishers and dates of books, articles, reports or other published materials you have written.

n/a

**Political Affiliations and activities:** List memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.

n/a

**Political Contributions:** Itemize all political contributions of \$500 or more to any individual, campaign organization, political party, political action committee or similar entity during the last eight years and identify specific amounts, dates, and names of recipients.

n/a

**Qualifications:** State fully your qualifications to serve in the position to which you have been named.

Over 15 years of experience in administrative management; previous positions in public service that provide solid knowledge base of government functions

**Future employment relationships:** 1. Indicate whether you will sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate.

Not currently employed

2. As far as can be foreseen, state whether you have any plans after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

None

3. Has anybody made you a commitment to a job after you leave government? No

4. Do you expect to serve the full term for which you have been appointed? Yes

**Potential conflicts  
of interest:**

1. Describe any financial arrangements or deferred compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which you will influence in the position to which you have been nominated.

None

2. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

My spouse has stock holdings in both Bell South and Dell Computers which may be a potential conflict under 18 U.S.C. § 208. He also owns stock in the following companies that may raise a potential conflict of interest under 18 U.S.C. § 208: McHenry Corp.; Woldcom; Qualcomm; Versatel; Internet Gold; Dobson Cellular; Lucent; Powertel; Alamosa PCS; Ashley Laurent; and Song Networks.

My spouse has ownership interest in the following communications firms: SMLD Corporation; Nomini; and Montross, Inc. Additionally, he is a member of the Board for Versatel Telecom. His ownership interest in these companies and his Board membership also raise potential conflicts of interest with the position to which I have been nominated.

Finally, I have been advised of a potential conflict of interest with the State of Texas because of my prior position and my participation in its Defined Benefit Pension Plan.

3. Describe any business relationship, dealing or financial transaction (other than tax paying) which you have had during the last 10 years with the Federal Government, whether for yourself, on behalf of a client, or acting as an agent, that might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

n/a

4. List any lobbying activity during the past ten years in which you have engaged in for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation at the national level of government or affecting the administration and execution of national law or public policy.

n/a

5. Explain how you will resolve any conflict of interest that may be disclosed by your responses to the items above.

In order to address any actual or potential conflicts of interests, I signed an ethics agreement on November 14, 2001, that was forward to the Office of Government Ethics(OGE), and indicates that my spouse would divest of his stock holdings in Bell South and Dell Computers. I have also agreed not to participate in any particular

matters that would have a direct and predictable effect on financial interests identified in question #2. Further, I have agreed not to participate in any particular matter involving specific parties in which any client of my spouse or his companies is or represents a party. I will also not participate in any particular matter in which Versatel is or represents a party since my spouse serves on the Board of Directors. Finally, I have agreed not to participate in any matters having a direct and predictable effect on my pension benefit with the State of Texas. Pursuant to OGE regulations, for one year following my resignation as Director of Administration, I will not participate in any matter involving specific parties in which the State of Texas is or represents a party.

**Civil, criminal and  
investigatory  
actions:**

1. Give the full details of any civil or criminal proceeding in which you were a defendant or any inquiry or investigation by a Federal, State, or local agency in which you were the subject of the inquiry or investigation.

1983 - DUI, Alexandria, VA 6 mos license suspension

2. Give the full details of any proceeding, inquiry or investigation by any professional association including any bar association in which you were the subject of the proceeding, inquiry or investigation.