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STATE OF THE UNITED STATES OLYMPIC COMMITTEE (USOC)

HEARING

BEFORE THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION UNITED STATES SENATE

ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

JANUARY 28, 2003

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ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

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STATE OF THE UNITED STATES OLYMPIC COMMITTEE (USOC)

TUESDAY, JANUARY 28, 2003

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Committee met, pursuant to notice, at 2:30 p.m. in room SR–253, Russell Senate Office Building, Hon. John McCain, Chairman of the Committee, presiding.

OPENING STATEMENT OF HON. JOHN MCCAIN, U.S. SENATOR FROM ARIZONA

The CHAIRMAN. Good afternoon. I welcome the witnesses and thank those who made special arrangements to be here. The purpose of this hearing is to examine both the recent reports of turmoil within the USOC's leadership and what steps should be taken to address this situation. The ongoing feud between Mr. Ward and Mrs. Mankamyer has drawn sharp criticism from corporate sponsors, the media, and the international sports community.

Among those who have been critical include David D'Alessandro, chairman and CEO of the USOC sponsor John Hancock Financial Services, who called the USOC "a dysfunctional family that keeps electing the daft cousin or uncle to the top job. Their bureaucracy must be blown up and restructured." The head of one Olympic governing body referred to the USOC's leaders as not only "dysfunctional" but "cannibalistic". A writer for the *Boston Globe* wrote that, "Everything that happens with the Olympic committee has to do with ethics. It is just one ethics problem after another."

Frank DeFord of Sports Illustrated called the USOC collectively a "nincompoop", and Dick Pound, a former IOC vice president, warns that the current situation is, "bad for the United States." He goes on to say that, "ultimately, if it persists, it will be bad for the Olympic movement."

The mission statement of USOC is to "preserve and promote the Olympic ideal as an effective, positive model that inspires all Americans." Recent actions by those charged with leading the USOC, however, have contradicted that mission and tainted the organization's credibility in the eyes of the public. If we are to restore the public's faith in the United States Olympics' Committee we must resolve conflicts that exist within its leadership but also reconsider the overall structure of the organization.

The Commerce Committee oversees Olympics issues and has a responsibility to ensure that the USOC operates effectively. In light of the ongoing problems that exist within the USOC, which may be

compounded by the many changes this organization has experienced since it was chartered back in the 1978 Ted Stevens Amateur Sports Act, including the fact that since 1984 the USOC has become a very big money operation, $500 million every 4 years, I would like to say today that this Committee will hold another hearing within the next month to look beyond the organization's current leadership roles. At that hearing, we will examine the structure of the organization with an eye toward reducing the tension that has existed historically between the USOC CEO and its president, and to work to adapt whatever reform measures may be needed.

During this process, I hope to rely on the expertise of my key colleagues to my left, Senator Stevens and Senator Campbell. Senator Stevens is the author of the 1978 Amateur Sports Act, and we all know Senator Campbell is a former Olympian. I want to thank them both for their dedication to the preservation of amateur sports, and I appreciate their involvement in this issue. I look forward to working with them, with the rest of the Members of the Committee, as we try to resolve this very, very unpleasant situation.

I would yield to Senator Stevens.

STATEMENT OF HON. TED STEVENS,
U.S. SENATOR FROM ALASKA

Senator STEVENS. Thank you very much, Mr. Chairman, and thank you for holding this hearing. I am concerned with recent events within and surrounding the USOC. It seems that the USOC has become dysfunctional as an institution, and has lost sight of its principal focus, the American athletes. Not once over the last 2 months have I read a single story about the USOC that mentions the athletes.

As you have mentioned, after I was on President Ford's Commission on Olympic Sports I spent 16 months working on this Amateur Sports Act. We had two or three meetings a week here in this very room for hours at a time trying to reach a consensus on what should be in that act, and in the end we thought we had created a system that would work.

Now, I am concerned that something in that system has failed. It is not clear to me whether changes in the act are needed, or if the governing structure of the USOC needs to be changed. What is clear is that what is currently happening is not acceptable to any of us. The USOC is an organization created by Congress, and Congress has the power to revoke that charter. Time and time again we have seen the failings of the governance within the USOC. In 1995, the karate issues kept me and my staff tied up for months. The athletes should not have to turn to Congress to get disputes resolved in a timely manner. The current equestrian problems have been going on for over 2 years, and to my knowledge there is no resolution in sight. Congress has been assuming good management, and with good management these kinds of problems do not arise.

Chairman McCain, I do thank you for holding this hearing. I hope we will work together, and I am delighted that Senator Campbell is here to work with us. I will offer my staff to work with the Committee staff in reviewing the act to see if we can find solu-

tions to these problems, but clearly it is going to take some hard work to do so.

The CHAIRMAN. Thank you, Senator Stevens. Senator Wyden.

STATEMENT OF HON. RON WYDEN,
U.S. SENATOR FROM OREGON

Senator WYDEN. Thank you, Mr. Chairman. I will look forward very much to working with you and Senator Stevens and Senator Campbell on this. Senator Stevens in particular has just done such extraordinary work to support the Olympic Committee, and I want him to know how much I have appreciated his leadership and look forward to working with all three of you. This is going to be a truly bipartisan effort.

Mr. Chairman and colleagues, plagued by conflicts of interest among executives and inflicted by the turmoil of turnover, scandals seem to follow the U.S. Olympics Committee like dogs follow a meat wagon. There is a pattern of conflicts of interest: the current U.S. Olympic Committee CEO signed a conflict of interest statement on July 1 of 2002 saying he had no real or perceived conflicts of interest at about the same time he was trying to steer a $4.6 million contract related to the Pan Am Games to his brother's company.

The Justice Department and FBI are also investigating a bribery allegation involving Mr. Ward's brother's company and the Pan Am Games. In December, the Ethics Committee of the USOC found Mr. Ward's conduct created the appearance of a conflict of interest, but then dismissed his conduct as what they called a technical violation. In response, three members of the Ethics Committee and his chief staff person, Mr. Patrick Rodgers, resigned.

The pattern of conflict of interest really goes on and on, and I also intend to investigate the press reports indicating at the time he was hired to run the U.S. Olympic Committee Mr. Ward failed to disclose his membership in the Augusta National Golf Club, whose membership policy runs contrary to the Ted Stevens Amateur Sports Act's goal, and I quote, "to encourage and provide assistance to amateur athletic activities for women."

So this Committee has got a big job to drain the swamp over there at the Olympic Committee, and it is my view that the U.S. Olympic Committee needs top to bottom restructuring, and I would especially like to see more sunshine in its operations.

Finally, Mr. Chairman, I would like to note that Mr. Fred Fielding, who did the internal investigation report of Mr. Lloyd Ward, was invited to today's hearing but could not attend. I am very disappointed because he, of course, did the actual ethics investigation, and I hope that this Committee is going to hear from Mr. Fielding in the future. I hope that he would be willing to appear voluntarily, but if he is not willing, Mr. Chairman, I think this is of such importance that the Committee ought to consider issuing a subpoena to have Mr. Fielding appear.

I thank you.

The CHAIRMAN. Well, thank you, Senator Wyden. I was very disappointed that Mr. Fielding seemed to have other important engagements than to be here, and if he refuses to appear before the Committee, then I obviously I would ask the Members of the Com-

mittee to approve a subpoena. It is very difficult to get all the facts in this hearing without the person who conducted the investigation, and I was astonished at his refusal to appear. You would think that he would be interested in helping this Committee clear up this issue. I thank you.

Senator Campbell.

STATEMENT OF HON. BEN NIGHTHORSE CAMPBELL, U.S. SENATOR FROM COLORADO

Senator CAMPBELL. Thank you, Mr. Chairman. I appreciate you convening this very important hearing, and appreciate your allowing me to sit with the Committee as a guest. However, I would be happy to defer to my colleague, Senator Breaux.

Senator BREAUX. That is all right. Go ahead.

Senator CAMPBELL. Then I will continue. I might say, Mr. Chairman, I above many of my colleagues have a vested interest in this issue, not only as a Senator in whose State the United States Olympic Committee is headquartered, but as a taxpayer and as an Olympian myself. I take the whole sordid mess, very frankly, very personally and believe me, if medals were given for bickering and in-fighting, people involved in this would be gold medal recipients themselves.

Tonight, most of the English-speaking world will be listening to the President of the United States as he outlines an agenda to deal with issues of great importance, of potential war in Iraq, a stagnated economy, homeland security, the budget deficit, health and education for our people, and many other things. There are going to be very difficult problems that we have to contemplate in this upcoming Congress. America should not be distracted by what appears to be a state of dysfunction in the U.S. Olympic Committee.

My time as a member of the team, the Olympic Team, provided me with considerable opportunities in my lifetime that I might not otherwise have had, and they are certainly experiences that I will treasure for my entire life, but because of those memories years ago when I got involved in public policy I decided to do what I could for young athletes who have had the same experiences that I did.

I first started helping the USOC as a member of the Colorado State legislature when I worked on legislation to provide a State income tax check-off to raise money for the USOC. I also worked on language to give tuition waivers to out-of–State students attending colleges in Colorado while they were in training, and to waive in–State certification for doctors working at USOC headquarters.

Since I have been a Member of Congress, I, along with Senator Stevens and several others, have been some of the strongest supporters of the Olympic movement. As members of the Appropriations Committee, we have been working for the last 6 years, as an example, to provide the USOC with a new office building in Colorado Springs. We have worked to provide $14 million for the USOC's drug testing administration. We provided that money directly through the United States Antidoping Agency so the Office of the National Drug Control Policy does not have administrative powers or any oversight.

The USOC often states with great pride that the Government does not subsidize their effort, but we should set the record straight. Since transfer of the Air Force base to the USOC in the 1970's, although we do not directly subsidize, the Federal Government has become increasingly involved in the Olympics by providing billions, not millions, billions of dollars in financial support for international sporting events both here in the United States and worldwide, too.

For the recent Winter Games in Salt Lake City, the Federal Government allocated well over $1.3 billion for infrastructure improvements, security, and other needs. Compare that with the $75 million we allocated for the 1984 Summer Games in Los Angeles, or the $609 million that we allocated for the 1996 Summer Games in Atlanta. More taxpayers' money is spent with each passing Olympiad.

We are also concerned with the continued safety of the U.S. athletes. Last year, Senator Stevens and I, while in Athens, directly questioned Greek Cabinet ministers, and, in fact, the prime minister himself, about the security precautions we were helping finance with American dollars for the upcoming Athens Olympiad to make sure our team, as well as youngsters and officials throughout the world, can compete in a safe environment.

I was literally raised in the Olympic movement and I must say that in the over half-century I have been part of it, I have never known a time when it has been in more discord. It seems for the past 15 years or so most of what I have read about the USOC is one problem after another.

In 1991, Bob Helmick was accused of accepting bribes and other improprieties. In the mid-1990's, there was a need to hold hearings to make sure the USOC was fulfilling its mission of providing equal opportunities for women and minorities. In 1998, it was the bribery and influence-peddling scandal engulfing Salt Lake Winter Olympic bid, and in the last 2 years, there has been a constant change of leadership. The USOC has had three presidents and four CEO's since the year 2000. There is no way this country's Government, let alone a business or any organization, can survive very long with that kind of turnover.

Clearly, Olympic business is big business. As with any big business, the management skills of its leader will determine the success or failure of the agenda. To be sure, as I have mentioned in other hearings before you, Senator McCain, the IOC, the USOC, and the Olympic organizing committees at the local level are all different entities, but when the five rings are tarnished, we all suffer.

My commitment to the Olympic ideal did not waver when I came to Washington that time, which was no surprise, the USOC had problems with money management and a number of other things, including accusations by the *Colorado Springs Gazette* of featherbedding and a number of other improprieties. At that time, former Senator Bill Bradley, former Senator Tom McMillan and I, who were the three here in Congress who had been on the Olympic teams ourselves, we formed a bipartisan caucus with other Members who believed in the Olympic ideals to act as sort of a buffer against any potential congressional oversight of the Olympic team,

but because of the money and the man-hours provided by the Federal Government and its agencies, and the fact that Congress chartered the USOC in 1978 with the passage of Senator Stevens' Amateur Sports Act, Congress has a larger vested interest in this with each passing year.

For 20 years, I have opposed any Federal oversight over the USOC's decisionmaking process, but Mr. Chairman, I think the time has come to rethink that position. We in Congress do not demand that our team wins gold medals, but we do have the expectation that USOC officials keep the goals and be an inspiration for personal conduct of our young athletes. My ideal of the Olympic movement should promote unity, camaraderie, sportsmanship, citizenship, and character, and this Olympic-sized food fight of incessant squabbles and internal dissension are not indicative of the Olympic ideals as I understand them, and can only hurt the athletes.

I tell every official in the audience today that this is not your personal team. I will tell you who it does belong to, though, in my view. It belongs to every boy and girl who, as we speak, are working their hearts out on sandlots, wrestling mats, on tennis courts and swimming pools across America and dreaming of the day that somewhere, sometime, they, too, will be able to march into a stadium behind our flag. It belongs to all of the moms and dads who drive endless miles and wait endless hours and make endless sacrifices so the dreams of their kids can come true. It belongs to every American donor and sponsor, from those who give $1 to those who give millions, who have followed the rags to fame stories of Jim Thorpe and Jessie Owens, of Bob Mathias, and Mohammed Ali, and Mark Spitz, and Wilma Rudolf, and Florence Griffiths Joyner, who is a great friend of mine, and all of those athletes for over a century who have personified what is supposed to be best in America.

The Olympic motto of *citius, altius, fortius* must not become *citius, altius, fortius,* and devious. The USOC has lost its way, and I am beginning to believe, with some of my colleagues, that a little Government oversight is not a bad idea. I have spoken to three of the people that resigned from the Ethics Committee, and really from the standpoint of regardless of who is in charge, the lines of authority seem to be very unclear, and it looks to me like they need some major structural changes.

I have declined to speak with a couple of the antagonists, by the way, Mr. Chairman, who have, I think, complicated the issue by already hiring attorneys. This is not a court of law and, quite frankly, the introduction of the attorneys tells me that there is already some degree of movement toward lawsuits, which I think can only complicate it and make it all the worse, and turn a media fiasco into something worse than it already is.

So I thank you once again, Mr. Chairman, for this hearing. I look forward to the testimony of our speakers.

The CHAIRMAN. Thank you, Senator Campbell, and we appreciate your very strong statement, and we look forward to working with you and Senator Stevens and Senator Wyden and other Members of this Committee as we address this very difficult issue, which you described in such compelling terms.

Senator Breaux.

STATEMENT OF HON. JOHN B. BREAUX, U.S. SENATOR FROM LOUISIANA

Senator BREAUX. Thank you, Mr. Chairman, and thank you very much for convening this very timely and, I think, very, very important hearing. The Olympics, as most all Americans and, really, all people around the world has always been an organization and a set of games every 4 years that the people of the world have always looked up to with great admiration and great inspiration.

I have been involved, along with a number of our colleagues at the dais, in helping to raise funds here in this city on a regular basis for the Olympic Committee, and we have been very successful because we have always been able to tell the sponsors and the participants that the Olympics are about the very best in society. The Olympics bring out the very best in humanity, the right to compete on a level playing field with the nations and athletes from all over the world, and so I have always had an extremely high view of everything that the Olympics represents. It has always inspired me.

When you hear the stories of the athletes it brings tears to your eyes to look at the sacrifices that they have made to be able to compete in a world forum and be successful, being successful just by competing, but today, apparently, we are finding out that the organization that we require to put on these wonderful games is in itself becoming dysfunctional, and that is completely and totally unacceptable.

We saw the problems with the International Olympic Committee that they have had, and that was very disturbing, and I always felt, well, it is not going to happen here, because our people are really above that, and yet we are finding out that perhaps that is not true. I think that the games are always about bringing out the very best in the athletes that compete, so we certainly can expect no less of a standard for those who put on those games. The hearing today that the Chairman has called is to look at ways in which we can help bring back those standards not just to the athletes but also to the people who are in charge of the games themselves, and hopefully out of all of this bad news can come a good resolution to a very difficult problem.

Thank you.

The CHAIRMAN. Senator Smith.

STATEMENT OF HON. GORDON SMITH, U.S. SENATOR FROM OREGON

Senator SMITH. Thank you, Mr. Chairman. There is a statement, a publication by the U.S. Olympic Committee entitled, "What is the United States Olympic Committee?" They answer the question, you, the American people, are the United States Olympic Committee. You understand that the Olympic Games are a shining example for so many that are good in our world. Peace, harmony, and unity are words that go hand-in-hand with the ideals of the Olympic movement, and you are committed to ensuring that we set the tone for instilling those ideals in all of our outreach efforts. You have bestowed upon us one of the country's most precious commod-

ities, the Olympic and Paralympic dreams of young men and women from every corner of the United States.

Mr. Chairman, that is a wonderful statement of purpose, but if we have instilled in the committee the precious commodity of the dreams of our young people, it seems to me the conduct of some in the committee are turning those dreams into a nightmare, and so I thank you for holding this hearing, because maybe we can put some light and heat where it belongs and maybe change some conduct for the future.

Thank you.

The CHAIRMAN. Thank you.

Our first panel is Mr. Kenneth Duberstein, chairman of the USOC Ethics Committee, Mr. Thurgood Marshall, who is the vice chairman of the USOC Ethics Committee. Mr. Duberstein, we will be glad to hear any opening statements that you may make, followed by Mr. Marshall. Welcome to the Committee.

STATEMENT OF KENNETH M. DUBERSTEIN, CHAIRMAN, USOC ETHICS COMMITTEE

Mr. DUBERSTEIN. Thank you, Mr. Chairman and Members of the Committee. Thank you for inviting me to appear before you this afternoon. I am proud of my years of volunteer service with the United States Olympic Committee and am proud of the Ethics Oversight Committee report of January 10, 2003. Doing what is right is not always popular, but we called them as we saw them and we did it unanimously, 10 for 10, no asterisks, no dissents, no motions to revise and extend.

As an outgrowth of the so-called Mitchell Commission on which I served as vice chairman, I was asked to chair the USOC's Ethics Oversight Committee 2 years ago by former President Sandra Baldwin. It certainly has not been a dull time. In light of recent events, many have asked me why I have been willing to serve as the chairman, why take on this thankless, endless task. I will admit I have asked myself the same question more than once recently. It certainly is not because of my athletic prowess.

I may be old-fashioned, but I believe deeply in the spirit of Olympic movement, the dreams of kids growing up, going for the gold, and the bridges built between nations by healthy, athletic competition. Anyone who has attended the Olympics or watched it on NBC cannot help but be touched by the patriotism, the dedication of the athletes, and the true joy of the competition.

Mr. Chairman, Members of the Committee, on this day devoted to the state of the Union we all have but a simple wish for the state of the USOC. We hope its leadership would be as strong and as principled as that of our President and the bipartisan leadership of the Congress.

Now let us turn, Mr. Chairman, specifically to the independent Ethics Committee report, the findings of our outside attorney, Fred Fielding, who led the investigation, and the unanimous consensus of the 10 members of our panel. The Ethics Committee action to review the alleged inappropriate conduct of the CEO, Lloyd Ward, was initiated at the request of President Marty Mankamyer by phone, and Ethics Compliance Officer Pat Rodgers in writing in October 2002.

On October 24, after a telephonic committee meeting where we were briefed by Ethics Compliance Officer Rodgers, the full Ethics Oversight Committee authorized Mr. Rodgers to retain on the committee's behalf outside legal representation to lead the independent investigation. We unanimously agreed with Rodgers' recommendation to retain Fred Fielding, the former counsel to the President of the United States, to conduct the investigation and report back to the committee on his findings.

Mr. Rodgers subsequently informed me that President Mankamyer felt that Mr. Fielding was the right choice to do this investigation, and the committee was authorized to retain Mr. Fielding. Our charge to Mr. Fielding was to get to the bottom of this, leave no stone unturned, let the chips fall wherever they may.

Mr. Fielding carried out his investigation with vigor and I think with great integrity. He asked for an expansion of the scope of the investigation when it became apparent to Mr. Fielding that other USOC individuals had an involvement in the Ward matter, including Ethics Officer Pat Rodgers. When it became apparent to Mr. Fielding that Mr. Rodgers was factually involved, and that he and Mr. Ward had disagreed over Rodgers' work performance, the Ethics Officer, at the request of the entire Ethics Committee, agreed not to further participate in the committee's deliberations.

I also requested, with the encouragement of the entire committee, that President Mankamyer not participate in any committee deliberations after our first meeting of October 24. Mr. Rodgers had approved President Mankamyer's initial participation because the president was, I was told, an *ex officio* member of all committees, but members of the committee and I, and members of the Executive Committee had received reports that she was discussing the review and the initial allegations with individuals outside of the Ethics Oversight Committee.

On November 22, I requested that Mr. Fielding prepare a written summary of his fact-gathering so that all members of the committee could have complete access to his investigatory report. I spoke with President Mankamyer shortly before Christmas. At that time, she told me she had scheduled an Executive Committee meeting for January 13, 2003, at which time the Executive Committee would consider disciplinary action against Lloyd Ward, and she expected the Ethics Committee to conclude its deliberations 2 weeks before then. I told her we would do our best, but I could not promise that.

The Ethics Committee met on December 23 and reviewed Mr. Fielding's oral and written report. In addition to the review of Mr. Ward's conduct, the Ethics Committee now had to deal with the finding based on Mr. Fielding's oral and written report, and their own experience during the review, that two individuals, Ethics Compliance Officer Rodgers and USOC President Mankamyer tried to use the ethics process to advance their own agendas. We agreed as a committee that Mr. Fielding and Mr. Thurgood Marshall, Jr., on my left, the vice chairman of the committee, would draft a proposed statement based on the USOC's code of ethics, citing Mr. Ward's conduct, and creating the appearance of a conflict of interest. Mr. Ward's failure to make a written disclosure of the potential financial interest of his brother when he filed his annual disclosure

in July 2002, the failure of Mr. Rodgers to do timely compliance counseling of Mr. Ward, which could have helped avoid all of this, and the committee's concern about the leaks over our investigation and our commitment to ensuring the integrity and confidentiality of our committee processes.

We did not exonerate Lloyd Ward, nor did we allow President Mankamyer or Ethics Compliance Officer Rodgers' actions to go unnoticed. We met for a final time by phone on January 8, 2003, during which we reviewed the draft document and went through each of the proposed findings one by one, line by line, and word by word. We voted on the phone unanimously to approve the report in its entirety. When I reached President Mankamyer she thanked me for the committee's good work and said we had done an outstanding service to the USOC Olympic movement. She expressed special appreciation for the unanimity of our conclusions.

Our responsibilities were to determine the facts and arrive at conclusions based on those facts. Our understanding from President Mankamyer and Ethics Officer Rodgers was that it was the role of the Executive Committee to decide on what action, if any, was to be taken on the entire matter based on our findings and the confidential investigatory report by Fred Fielding and our report. The Executive Committee, in its meeting on January 13, it has been reported to me voted 18 to 3 to approve our findings and conclusions and to express the committee's appreciation for a job well done. This saga clearly demonstrates how much further the USOC must go to establish truly a sound governing structure with high ethical standards.

President Reagan years ago reminded me to always do the right thing. Do not back off from your principles, stay true to your beliefs. People may try to push you one way or the other toward their interest or their desires. "You must stay the course," he told me, "and do what you think is right." We stayed the course.

Mr. Chairman and Members of the Committee, the Ethics Oversight Committee tried hard to drive a tough and fair conclusion through the warring factions of the USOC. I believe our outcome was right, but as we can all see, it has brought no resolution, just fighting at a new level in new forums. It is sad, and it is time to start over. Congress should lead the way in redesigning the USOC. Even a thick-skinned former White House Chief of Staff has learned yet again the hard way that no good deed goes unpunished. If the Olympic flame burns brightly again in the United States, as I believe it will, then it will all have been worth the price.

Thank you, Mr. Chairman. Can I turn it over to Mr. Marshall?

[The prepared statement of Mr. Duberstein follows:]

PREPARED STATEMENT OF KENNETH M. DUBERSTEIN, CHAIRMAN, USOC ETHICS COMMITTEE

Mr. Chairman and Members of the Committee, thank you for inviting me to appear before you this afternoon.

I am proud of my years of *volunteer* service with the United States Olympic Committee and am proud of the Ethics Oversight Committee Report of January 10, 2003. Doing what is right is not always popular but we called them as we saw them and we did it unanimously! 10 for 10. No asterisks. No dissents. No motions to "revise and extend."

Some years ago, former USOC President Bill Hybl asked me to serve with former Senate Majority Leader George Mitchell on the ethics panel for the USOC. Later,

in 1998, Senator Mitchell and I led a Special Commission of distinguished Americans to recommend reform of the IOC and the USOC in light of the bid selection scandal in Salt Lake City. This threemonth volunteer assignment turned out to take almost two years, including testimony before this Committee and others. Our wide-ranging report, I believe resulted in fundamental and positive change in both organizations.

As an outgrowth of the Mitchell Commission, I was asked by former President Sandra Baldwin to chair the USOC's reconstituted Ethics Oversight Committee two years ago. It has not been a dull time, with her resignation, the vetting of her potential successors, overseeing the bid city selection process for 2012, the selection of Marty Mankamyer, and now the current matter.

In light of recent events, many have asked why I've been willing to serve as chairman. After all, it's not as if my life isn't chock full of wonderful, rewarding assignments. Why take on this thankless task? I'll admit I've asked myself the same question more than once recently.

It certainly isn't because of my athletic prowess! I may be old-fashioned but I believe deeply in the spirit of the Olympic Movement, the dreams of kids growing up to go for the gold and the bridges built between nations by healthy athletic competition. Anyone who has attended an Olympics or watched it on NBC can't help but be touched by the patriotism, the dedication of the athletes and the true joy of the competition.

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Now, let's turn specifically to the independent Ethics Committee and our report, the findings of distinguished attorney Fred Fielding, who led the investigation and the unanimous consensus of the 10 members of our panel.

The Ethics Committee action to review the alleged inappropriate conduct of the CEO Lloyd Ward was initiated at the request of President Marty Mankamyer by phone and Ethics Compliance Officer Pat Rodgers in writing in October, 2002. On October 24, after a telephonic committee meeting where we were briefed by Ethics Compliance Office Rodgers, the full Ethics Oversight Committee authorized Mr. Rodgers to retain on the Committee's behalf outside legal representation to lead the independent investigation. The Committee unanimously agreed with Rodgers recommendation to retain Fred Fielding of Wiley, Rein & Fielding, a former counsel to the President of the United States, to conduct the investigation and report back to the Committee on his findings. Mr. Rodgers subsequently informed me that President Mankamyer felt Mr. Fielding was the right choice to do this investigation and the committee was authorized to retain Mr. Fielding.

Mr. Fielding was previously retained by the Ethics Oversight Committee last summer to vet the candidates for President, created by the resignation of Sandra Baldwin. He did his usual thorough evaluation, which I subsequently used as the basis for my presentation to the Executive Committee on July 29, 2002.

Our charge to Mr. Fielding was to get to the bottom of this. Leave no stone unturned. Let the chips fall wherever they may.

Mr. Fielding carried out his investigation with vigor and his usual great integrity. He asked for an expansion of the scope of the investigation when it became apparent to Mr. Fielding that other USOC individuals had an involvement in the Ward matter, including Ethics Officer Pat Rodgers. When it became apparent to Mr. Fielding that Mr. Rodgers was factually involved and that he and Mr. Ward had disagreed over Rodgers' work performance, the Ethics Officer, at the request of the entire and unanimous Committee, agreed not to further participate in the Committee's deliberations.

I also requested, with the encouragement of the entire committee that President Mankamyer not participate in any of the committee deliberations after our first meeting on October 24. Mr. Rodgers had approved President Mankamyer's initial participation because the President was, I was told, an ex officio member of all committees. But members of the Committee, and I, and members of the Executive Committee, had received reports that she was discussing the review and the initial allegations with individuals outside of the Ethics Oversight Committee.

Upon completion of Mr. Fielding's interviews on November 21, he made a brief telephone report to me with Mr. Rodgers present on the phone line. On November 22, I requested that Mr. Fielding prepare a written summary of his fact gathering so that all members of the Committee could have complete access to his investigatory report.

I began receiving numerous phone messages from President Mankamyer urging me to hurry up with the Committee's report to the Executive Committee so that it

could consider appropriate disciplinary action against Mr. Ward. I did not return these calls initially because of our earlier decision to go forward without the participation of President Mankamyer.

I spoke with President Mankamyer shortly before Christmas. At that time she told me that she had scheduled an Executive Committee meeting for January 13, 2003, at which time the Executive Committee would consider disciplinary action against Lloyd Ward and she expected the Ethics Committee would conclude its deliberations two weeks before then. I told her we would do our best but I could not promise that.

The Ethics Committee met by phone on December 23rd and reviewed Mr. Fielding's oral and written report. In addition to the review of Mr. Ward's conduct, the Ethics Oversight Committee now had to deal with the finding based on Mr. Fielding's oral and written report and their own experience during the review that two individuals, Ethics Compliance Officer Patrick K. Rodgers and USOC President Marty Mankamyer, tried to use the ethics process to advance their own agenda.

We agreed as a Committee that Mr. Fielding and Mr. Thurgood Marshall, Jr., Vice Chairman of the Ethics Committee, would draft a proposed statement based on the USOC's code of ethics, citing Mr. Ward's conduct, creating the appearance of a conflict of interest, Mr. Ward's failure to make a written disclosure of the potential financial interest of his brother when he filed his annual disclosure in July, 2002, the failure of Mr. Rodgers to do timely compliance counseling of Mr. Ward which could have helped avoid all this, the Committee's concern about the leaks over our investigation and our commitment to ensuring the integrity and confidentiality of our committee's processes.

We did not exonerate Lloyd Ward, nor did we allow President Mankamyer's or Ethics Compliance Officer Rodgers' actions to go unnoticed.

We met for a final time by phone on January 8, 2003, during which we reviewed the draft document and went through each of the proposed findings one by one, line by line, word by word.

"After receiving and reviewing the attached Report from the Special Counsel, the USOC Code of Ethics, and further discussions, the Committee unanimously now concludes as follows:*

Mr. Ward's conduct, in requesting a USOC employee to consider providing assistance to his brother in a commercial venture, created the appearance of a conflict of interest.

Mr. Ward failed to make a written disclosure of the potential financial interest of his brother when he filed his annual disclosure in July 2002.

There was a serious lack of sensitivity in the enforcement of the USOC Ethics Code in April 2002, when Mr. Ward's request to a USOC employee was first revealed, and which could have been easily corrected without a breach of the reporting requirements and/or further activity by Mr. Ward or any USOC employee, by the timely compliance counseling of Mr. Ward as to his ethical obligations and restrictions.

The Ethics Oversight Committee is gravely concerned about the recent public disclosures regarding the existence of its current investigation and the comments and speculations attributed to officials of the USOC in regard to the same. This conduct is contrary to the USOC Code of Ethics and reflects a purposeful disregard of the spirit and purpose of the ethics program and the Committee's charter. The Committee deeply resents any attempt to abuse its process and use that process for other purposes.

Only members of the Ethics Oversight Committee should participate in the business of the Committee or its meetings, unless participation by others is specifically requested by the Chair of the Committee; this would exclude ex officio members from participating in Committee business or meetings unless specifically requested by the Committee Chair.

The USOC Executive Committee and the USOC family are reminded that all matters pending before the Ethics Oversight Committee are confidential and should be maintained as such in order to protect the privacy of individuals involved and pursue the effectiveness of the ethics enforcement program."

We voted on the telephone unanimously to approve the report in its entirety. The report was signed by: Kenneth M. Duberstein, Chair; Thurgood Marshall, Jr., Vice Chair; Thomas McLarty, Vice Chair; Nicholaas Peterson, Athlete Representative; Reynd Quackenbush, Athlete Representative; Dan Knise; John T. Kuelbs; Edward Petry; Stephen D. Potts; and Malham Wakin.

We agreed that the revised draft would be re-circulated by Mr. Marshall the next day and he would await e-mails or telephone call changes or corrections until 10:00 a.m. January 10th, at which time I, as chairman, would call Lloyd Ward and each

* The information referred to has been retained in Committee files.

of the 6 officers of the Executive Committee (Marty Mankamyer, Frank Marshall, Bill Martin, Herman Frazier, Bill Stapleton and Paul George), read them the report and inform them we had decided that the report should speak for itself and that none of us would attend the Executive Committee meeting in Denver on January 13th. As a Committee we had agreed not to answer questions but simply to let everyone read our report.

No one mailed or called in any revisions whatsoever, so I began my phone calls at approximately 11:00 a.m., January 10th. I reached Lloyd Ward first and completed the final call about 4:30 p.m. EST when Marty Mankamyer returned my call (I had placed the call to her shortly after my conversation with Lloyd Ward). She thanked me for the Committee's good work and said we had done outstanding service to the USOC Olympic Movement. She expressed appreciation for the unanimity of our conclusions.

Our responsibilities were to determine the facts and arrive at conclusions based on those facts. Our understanding from President Mankamyer and Ethics Officer Rodgers was that it was the role of the Executive Committee to decide on what action, if any, was to be to taken on this entire matter, based on the findings and the confidential investigatory report by Fred Fielding and our report.

The Executive Committee in its meeting on January 13th voted 18–3 to approve our findings and conclusions and to express the Committee's appreciation for a job well done by the independent Ethic Oversight Committee.

As Chairman of the Ethics Oversight Committee, I supported every effort to maintain the integrity of the Ethics review. However two issues have been raised relative to my participation.

Lloyd Ward is on the Board of General Motors, one of the first clients of The Duberstein Group and a client now for over 13 years. While I knew somewhere in the back of my mind that he joined the Board in the last couple of years, it created no pressure on my decision making. It was not even considered. At no time did it occur to me that the work of my firm might create a personal conflict. We have no business dealings with the Board, only with management.

Parenthetically, the names of all our clients have always been a matter of public record.

General Motors, as you know, is a major sponsor of the USOC. When you think it through, GM does have an interest in the result of our work. Its interest is the integrity of the USOC. Period.

The second issue involves the fact that I did not sign and file USOC Volunteer Annual Disclosure Certification in 2002.

The Committee should understand that the USOC Volunteer Annual Disclosure Certification is not a request to disclose assets and business relationships. It is simply a request to disclose known conflicts. I do not recall that I was asked to sign such a statement when George Mitchell and I headed up our review. Nor do I recall being asked to sign such a statement when I was made chair of the Ethics Oversight Committee. To this date, no one has ever personally talked to me about signing one.

A review of the e-mail files at The Duberstein Group has revealed that my assistant was emailed the one and one-half page form in October of last year, about three months ago. It was not given to me. Had I received it, I would have checked the box indicating that I knew of no conflict and signed it.

This entire saga clearly demonstrates how much further the USOC must go to establish truly a sound governance structure with high ethical standards.

President Reagan years ago reminded me to always do the right thing. Don't back off from your principles. Stay true to your beliefs. People may try to push you one way or the other towards their interest, their desires. You must "stay the course" and do what you think is right.

I believe the Ethics Oversight Committee did the right thing. We stayed on course.

Even a thick-skinned former White House Chief of Staff has learned again the hard way that no good deed goes unpunished. If the Olympic flame burns brightly again in the United States, as I believe it will, then it will have been well worth the price.

The CHAIRMAN. Thank you. Mr. Marshall, and if you could—your complete statement will be made a part of the record. If you could summarize, we have another panel after you. Thank you.

STATEMENT OF THURGOOD MARSHALL, JR., VICE CHAIRMAN, USOC ETHICS COMMITTEE

Mr. MARSHALL. Mr. Chairman, thank you very much for the invitation to appear before the Commerce Committee this afternoon. I commend you and the Members of this Committee for your continued involvement in issues that pertain to the United States Olympic Committee. I also want to acknowledge Senator Stevens for his decades of leadership in the field of amateur sports.

I am appearing before you in my capacity as vice chair of the USOC Ethics Committee. As Mr. Duberstein indicated, the Ethics Committee was created in the wake of the Salt Lake Olympic bid scandal. Staff support is provided by the USOC Compliance Officer, and our duties include the establishment and implementation of training and governance programs as well as investigating specific allegations of ethics compliance and allegations of ethics violations related to performance of duties of the USOC members and staff.

Last year, for example, the compliance officer and the Ethics Committee played a significant role in developing unprecedented comprehensive governance plans that were applied to the bid city process that culminated in the selection of New York City as the candidate city to host the 2012 Olympic and Paralympic Games.

I fully participated in the deliberations of the Ethics Committee that gave rise to our January 10 report. As Mr. Duberstein mentioned, I worked with Mr. Fielding to draft language for the Ethics Committee to consider, and I worked with Mr. Fielding to draft the final report language. I remain fully satisfied with the contents of that report. I am also confident that the process that we undertook to produce that report was thorough and fair.

Our report did not address the issue of sanctions in connection with the conduct of Mr. Ward or any other individuals, and I believe that the issue of sanctions was appropriately left to the judgment of the Executive Committee. Our committee did not, for example, characterize the allegations as a technical violation. That is not language that is contained in our report.

I understood that our task was to investigate the facts associated with the allegations concerning Mr. Ward, and to render our assessment of those facts. That is precisely what we did. As our committee report makes clear, our interpretation of the facts indicated that Mr. Ward's conduct created an appearance of a conflict of interest. We also found that there were mitigating circumstances, and the record reflects that the USOC Executive Committee accepted our interpretation and determined appropriate sanctions.

I would like to take also one moment to address several issues that have arisen in connection with the work of our committee, and specifically with regard to Mr. Duberstein. I am familiar with the concerns that have been raised. Each of those concerns is utterly inconsistent with the way in which our committee proceeded and it is inconsistent with Mr. Duberstein's overall stewardship of the Ethics Committee. At no point did Mr. Duberstein influence our deliberations in an improper way. Moreover, as befits such a committee, each of its members are independent and has had an independent communication with the USOC Compliance Officer.

For example, I would have been quick to question Mr. Duberstein or others involved in our process had any concerns crossed my

mind, and I believe that each of my colleagues on the Ethics Committee has felt similarly free to raise concerns as warranted. I questioned Mr. Duberstein extensively, for example, about the recusal of Mr. Rodgers until I was satisfied with that course of action.

On the broader issues regarding USOC interaction with its major corporate sponsors, I submit that the interaction of the USOC with such sponsors raises some concerns that are far more complicated than the commentators would have us believe.

Finally, I remain committed to the mission of the USOC and the important role that it plays in developing, training, and nurturing our Nation's athletes. It is because of that belief in the importance of that mission that I am hopeful that through the congressional oversight process major improvements can be made.

[The prepared statement of Mr. Marshall follows:]

PREPARED STATEMENT OF THURGOOD MARSHALL, JR., VICE CHAIRMAN, USOC ETHICS COMMITTEE

Mr. Chairman, thank you for the invitation to appear before the Commerce Committee this afternoon. I commend you and Senator Hollings and the Members of this Committee for your continued involvement in issues that pertain to the United States Olympic Committee. I also want to acknowledge Senator Stevens for his decades of leadership in the field of amateur sports.

My name is Thurgood Marshall Jr., and I am a partner with the law firm of Swidler Berlin Shereff Friedman LLP. I am appearing before you in my capacity as one of the two Vice Chairs of the Ethics Oversight Committee ("Ethics Committee") of the United States Olympic Committee ("USOC"). I have served on the Ethics Oversight Committee and as its Vice Chair for approximately two years.

The USOC Ethics Committee was created in the wake of the Salt Lake Olympic bid scandal. It is comprised of ten uncompensated volunteers. Staff support is provided by the United States Olympic Committee Compliance Officer. The Compliance Officer is responsible for the management of the USOC Ethics and Compliance Program. Those duties include the establishment and implementation of training and governance programs, as well as investigating specific allegations of ethics and compliance related issues. Last year, for example, the Compliance Officer and the Ethics Committee played a significant role in developing comprehensive governance plans that were applied to the bid city process that culminated in the selection of New York City as the candidate city to host the 2012 Olympic and Paralympic Games.

The Chief Compliance Officer reports to the Chief Executive Officer for matters related to USOC staff and to the Ethics Committee and the USOC President for matters related to volunteers, member organizations, and the Chief Executive Officer. Any person or member organization that violates or condones the violation of the USOC Code of Ethics is subject to disciplinary measures, which may include termination. The Ethics Committee is charged with reviewing violations of the Code of Ethics.

As a member of the Ethics Committee, I participated in the deliberations giving rise to our recent report, dated January 10, 2003, a copy of which was made public by the USOC on January 13, 2003. I first became aware of allegations regarding the USOC Chief Executive Officer, Lloyd Ward, in the Fall of 2002. The Ethics Committee convened by teleconference on four occasions to review the allegations, once each month from October 2002 to January 2003. I was out of the country and unable to participate in the teleconference that occurred in November 2002. With that exception, I fully participated in the deliberations of the Ethics Committee. I concurred in the decision to retain Fred Fielding to conduct a factual investigation into the allegations regarding Mr. Ward. I also reviewed and approved of the unanimous report that the Ethics Committee provided to the USOC Executive Committee for consideration at its January 13, 2003 meeting.

Consistent with our deliberations, I worked with Mr. Fielding to draft language for the Ethics Committee to consider during our teleconference on January 8, 2003. I also worked with Mr. Fielding to draft the final report language that the Ethics Committee approved unanimously on January 9 and 10. Other than to offer a technical addition, Mr. Duberstein did not participate in the drafting of the language contained in our report. I would note that the Ethics Committee also agreed to in-

clude as an attachment to its report a memorandum prepared by Fred Fielding which reflected the results of his investigation of the facts surrounding the allegations against Mr. Ward.

As a matter of process, our Committee authorized Mr. Duberstein to contact the USOC officers individually on January 10, 2003, and to recite to them the contents of our report. I handled the formal transmittal of the hard copies of our report and the Fielding Memorandum to the USOC officers and the membership of the USOC Executive Committee. I completed that task on January 12, 2003, with delivery of sealed copies of the documents to Mark Levinstein, who served as Counsel to the USOC Executive Committee.

I have reviewed the contents of the Ethics Committee report and the Fielding memorandum as recently as last night. I remain fully satisfied with its contents. I am also confident that the process that we undertook to produce that report was thorough and fair. Our report did not address the issue of sanctions in connection with the conduct of Mr. Ward or any other individuals and I believe that the issue of sanctions was appropriately left to the judgment of the Executive Committee. I understood that our task was to investigate the facts associated with the allegations concerning Mr. Ward and to render our assessment of those facts. That is precisely what we did. As our Committee report makes clear, our interpretation of the facts indicated that Mr. Ward's conduct created an appearance of a conflict of interest. We also found that there were mitigating circumstances. The record reflects that the USOC Executive Committee accepted our interpretation and determined appropriate sanctions.

As he has on previous occasions with respect to other matters that have come before our Committee, Fred Fielding agreed to undertake an investigation and to submit his findings to us. He did so in the thorough manner that we have come to expect from him. He presented his findings to us by written report and made himself available to respond to our questions on each of our conference calls. I am satisfied that Mr. Fielding pursued all relevant issues during the course of his investigation. He was not constrained in any way. In fact, Mr. Fielding asked for and was granted permission to expand his charter to permit additional interviews of others potentially having knowledge of the alleged incident.

I would like also to take a moment to address several issues that have arisen in connection with the work of our Committee and specifically with regard to Mr. Duberstein. I am familiar with the concerns that have been raised. Each of those concerns is utterly inconsistent with the way in which our Committee proceeded and is inconsistent with Mr. Duberstein's overall stewardship of the Ethics Committee. At no point did Mr. Duberstein influence our deliberations in an improper way.

Moreover, as befits such a Committee, each of its members is independent and has had independent communication with the USOC Ethics Compliance Officer. I would have been quick to question Mr. Duberstein or others involved in our process had any concerns crossed my mind, and I believe that each of my colleagues on the Ethics Committee has felt similarly free to raise concerns as warranted. For example, I questioned Mr. Duberstein extensively about the recusal of Mr. Rodgers until I was satisfied with that course of action.

On the broader issues regarding USOC interaction with its major corporate sponsors, I submit that the interaction of the USOC with such sponsors raises some issues that are far more complicated than the commentators would have us believe.

I remain committed to the mission of the USOC and the important role that it plays in developing, training and nurturing our Nation's Olympic athletes. It is because of the importance of that mission that I am hopeful that through the Congressional oversight process improvements can be made.

The CHAIRMAN. Thank you very much, Mr. Marshall, and I thank both of you for being here. I guess it is important for the record to point out that both of you serve voluntarily on this committee and without compensation.

Mr. DUBERSTEIN. Yes, sir.

Mr. MARSHALL. That is correct.

The CHAIRMAN. Now let us talk about the report here. In the USOC constitution and bylaws of the Ted Stevens Olympic and Amateur Sports Act, USOC Code of Ethics, it says in chapter 19, Ethics Oversight Committee, there shall be an Ethics Oversight Committee. The responsibility of the Ethics Oversight Committee shall be A, B, C, and then D, to review and investigate such mat-

ters relating to ethical practice as it may deem appropriate and make recommendations resulting therefrom to the chief executive officer concerning employees, and to the Executive Committee if concerning the chief executive officer.

Are you aware of the provisions of this, of the rules and regulations governing the Oversight Committee?

Mr. DUBERSTEIN. Mr. Chairman, yes, I am. Yes, we are, but let me suggest the following.

The CHAIRMAN. I would like for you to respond to the questions when I ask the questions. The question is, why did you not make a recommendation as to what action should be taken in the course of this investigation?

Mr. DUBERSTEIN. The charge to the committee dated October 11 was the Ethics Oversight Committee retain outside counsel to conduct the necessary interviews, to determine the facts and circumstances surrounding the allegation, and provide a report of findings to the chair.

Number 2, President Mankamyer in more than one phone conversation said to me, we want your report, we want your findings, we want your conclusions, and the Executive Committee will determine what disciplinary action, based upon your report and findings.

Number 3, we did not, as a committee, decide exclusively on the Lloyd Ward matter, but also about the behavior of President Mankamyer and of Ethics Officer Rodgers. We were very consistent in our report and our findings and following the lead of our charge and the direction from President Mankamyer.

The CHAIRMAN. Well, I respectfully disagree. The subject of the Wiley, Rein & Fielding, Mr. Fielding to you from Mr. Fielding says, reference internal investigation report, Lloyd Ward. Now, I do not know what the instructions from Ms. Mankamyer were, but according to the regulations of USOC you are supposed to make recommendations. That is why I find Mr. Fielding's report so curious.

Every time I have ever asked for an investigation by anyone, my staff or anyone in the GAO, we have always asked for recommendations, and I do not know why, frankly, that the USOC regulations were not complied with. I would be glad to hear a response, if you want.

Mr. MARSHALL. I was, at the time of our deliberations and throughout my service on the committee, well aware of the relevant provisions of the bylaws and, as I mentioned, I understood our task to be to assess the facts and to develop the facts.

What I would add, Senator McCain, is that, as Mr. Duberstein has indicated, it was not unusual for our committee to receive direction as to specific tasks. As recently as October, for example, we were tasked with vetting and reviewing candidates for elective office at the USOC, and arguably that may not have been consistent with the four corners of the bylaws, but it was well within our jurisdictional mandate.

The CHAIRMAN. I am not saying you do not have other jurisdiction. I am saying that it clearly says your job, the Ethics Oversight Committee, is to review and investigate such matters relating to ethical practices as it may deem appropriate, and to make recommendations resulting therefrom. It is clear, and in writing.

Mr. Duberstein—and again, I cannot understand Mr. Fielding's product, which you have touted so highly, as not making a recommendation either. That is why we have investigations, to make recommendations, not to make judgments, but certainly to make recommendations.

Mr. Duberstein, on January 15, 2003, Mr. Rodgers resigned his position as the USOC Chief Compliance Officer and discussed with in his view the Executive Committee's failure to properly sanction Mr. Ward. In his resignation letter, Mr. Rodgers accuses you of telling him to "find another way to make this go away," in reference to the ethical allegations levied against Mr. Ward. Did you ever encourage Mr. Rodgers to "find a way to make this go away."?

Mr. DUBERSTEIN. No.

The CHAIRMAN. Given Mr. Rodgers' position as Chief Compliance Officer, how would he have been able to make the Ward allegations go away?

Mr. DUBERSTEIN. He would not have.

Mr. MARSHALL. That is absolutely correct, Senator.

The CHAIRMAN. He could not have made it go away, even if you wanted to.

Mr. DUBERSTEIN. And in addition, it is totally inconsistent with everything I did in leading the committee, hiring Fred Fielding to do the investigation, encouraging him to leave no stone unturned. We voted as a committee, not with me on the sideline, but unanimously in all of our discussions. There was no split vote.

We said that he did not comply with the code. This is not an exoneration. This is not trying to make it go away. If anything, it was to go every bit full-square in favor of investigating and finding out the facts and making our conclusions.

The CHAIRMAN. My colleagues have additional questions. I will ask one more question and, if absolutely necessary, I will ask more.

Would you respond to the recent accusation, Mr. Duberstein, that your work as a lobbyist for General Motors presented a conflict of interest in your role as chairman of the USOC's Ethics Committee investigation of Mr. Ward, who is a member of the board of General Motors, and why was it not listed in your report? I believe it is the Ethics Committee report.

Mr. DUBERSTEIN. Mr. Chairman, Number 1, I believe there was no conflict. Number 2, my firm has represented General Motors since 1989 and has been registered with the rules of the Senate as required since 1989.

I was generally aware around 2000, 2001 that Mr. Ward had joined the board of General Motors. We have no business dealings whatsoever with the board of directors. Our firm reports to the management and the Government relations staff here in Washington.

Next, there is nothing inconsistent with what I have done as far as our work with GM and the actions of the Ethics Oversight Committee, and let me quote from my statement, sir, if you do not mind.

The CHAIRMAN. I like to quote myself.

[Laughter.]

Mr. DUBERSTEIN. It created no pressure on any of our decision-making. It was not even considered. At no time did it occur to me

that the work of my firm might create a personal conflict. As I said, we had no business dealings with the board, only with the management, but if I grant you your point, or the point you raised, yes, General Motors is a major sponsor of the USOC. When you think it through, though, GM has an interest in the result of our work. Their interest is the integrity of the United States Olympic Committee. It is totally consistent with everything that the Ethics Committee wanted to do.

The CHAIRMAN. Senator Stevens.

Senator STEVENS. Thank you very much, Mr. Chairman. I have been called to the floor, and I would not have time to ask questions, and I would yield to Senator Campbell.

Senator CAMPBELL. Thank you, Mr. Chairman.

Mr. Duberstein, I do not want to make this too rhetorical, but you suggested we start over and Congress should lead the way. What do you suggest in specifics?

Mr. DUBERSTEIN. Senator Campbell, I think that the conflict between volunteers and paid staff, as others have suggested on your side, makes the USOC completely dysfunctional. I think you need to have a hard-nosed CEO running the place, not a 125-member board of directors which is dysfunctional, but, rather, have a small board with a strong centralized CEO.

Senator CAMPBELL. I agree. That is a structural change, but I am not sure we have the authority to make that structural change within USOC.

Mr. DUBERSTEIN. I think the Amateur Athletic Act could maybe be amended so that, in fact, you could get a governing structure with high ethical standards that works, and that works for the athletes, and to focus on the athletes and their leadership rather than on all of this dysfunctional fighting.

Senator CAMPBELL. OK. Well, let me ask a little bit about ethics, as Senator McCain has. I did read the booklet Senator McCain does have, but I have a U.S. Senate ethics manual, and I assume some of the things are rather similar, and that is, here in the Senate, if we violate the ethics code we can be rebuked, but if we create the appearance that we violated the ethics code—whether we violate it or not, if we create that appearance we can also be in some pretty deep trouble and, in fact, when the attorneys talk to us, the ethics attorneys, they tell us that it is our responsibility to prevent the perception that we have created some violation. That is how tight our structure is. Well, it is obvious somebody did not pass that kind of a standard on in the U.S. Olympic Committee.

Let me—and by the way, I am sure you probably have read that. That is on page 66 near the bottom, in paragraph 2 of section 37, that that wording comes from. You currently—one of your clients is General Motors, is that not correct?

Mr. DUBERSTEIN. Correct.

Senator CAMPBELL. And General Motors is a major donor to the Olympic Committee?

Mr. DUBERSTEIN. Correct.

Senator CAMPBELL. I am sure Mr. Ward can answer this himself, but is Mr. Ward on the board of General Motors, too?

Mr. DUBERSTEIN. I have been told that, since about 2000.

Senator CAMPBELL. And you do not see that as an appearance of a conflict of interest?

Mr. DUBERSTEIN. I do not, sir. I should also say to you that there is a USOC volunteer annual disclosure certification which I would like to offer for the record.

The CHAIRMAN. Without objection.

[The information referred to follows:]

CALENDAR YEAR 2002
USOC VOLUNTEER ANNUAL DISCLOSURE CERTIFICATION

INSTRUCTIONS: The USOC requires that its volunteers recognize and avoid activities or investments which involve, might appear to involve, or could result in a potential conflict of interest. A conflict of interest exists whenever volunteer's personal or financial relationships have the potential to influence or be perceived to influence the objectivity of their decisions when representing or conducting business for or on behalf of the USOC.

Circumstances, which could involve conflicts of interest, include but are not limited to the following:

- Outside business activities or interests which:
  - Involve acting as an agent, representative, or consultant to a business whose interests may conflict with the interests of the USOC.
  - Interfere with the satisfactory performance of USOC work assignments.
  - Involve outside committees such as Bid City, NGB, IOC, NOC, and PASO that may potentially conflict with the interests of the USOC.
- Substantial personal or family financial interests in a potential or actual supplier or sponsor. (*1% of issued and outstanding securities of corporations whose securities are traded publicly.*) Ownership of mutual funds is excluded from disclosure.
- Soliciting or accepting gifts or gratuities not authorized by the USOC.
- Placement of business in, or favorable treatment of, a firm owned or controlled by a volunteer, family member or personal friend.

Volunteers who engage in or wish to engage in any of the outside activities described above are not necessarily precluded from service. However, mandatory disclosure (completion of the attached "Outside Interests or Activities Disclosure") is required to ensure that business decisions made on behalf of the USOC are protected from potential outside influence. Individuals who do not disclose, or provide false or misleading information, will be subject to disciplinary measures, which may include expulsion from the board, committee, or task force.

USOC STAFF/VOLUNTEER CERTIFICATION:

_____ I do not have, nor do I presently anticipate, any potential conflicts described above and understand my obligation to immediately disclose when a potential conflict occurs.

_____ I have a potential outside interest conflict and have completed the attached disclosure for review.

Signature_____ Date: _____

Print or type name here:_____

CALENDAR YEAR 2002
USOC VOLUNTEER OUTSIDE INTEREST DISCLOSURE STATEMENT

If you indicated that you have a potential outside interest conflict, you must complete this form in order to determine whether or not outside personal or business conflicts could potentially influence business decisions you may make on behalf of the USOC.

NAME: _____

VOLUNTEER ROLE OR POSITION: _____

In the space below, describe the specific activity or investment. The USOC Chief Compliance Officer will complete the review. If potential conflicts are determined to exist, you will be notified and the Ethics Oversight Committee will review the information to ensure the integrity of business decisions through divestiture, recusal, or other actions considered appropriate.

THE OUTSIDE ACTIVITIES OR INTERESTS DISCLOSED HEREON ARE:

Mr. DUBERSTEIN. The committee should understand the USOC annual volunteer disclosure certification is not a request to disclose assets and business relationships. It is simply a request to disclose known conflicts. I do not recall that I was asked to sign such a statement when George Mitchell and I headed up our review of the IOC and the USOC, nor do I recall being asked to sign such a statement when I was made the chairman of this Ethics Oversight Committee.

To this date, no one has ever personally talked to me about signing one, a review of the e-mails at the Duberstein Group have revealed that my assistant was e-mailed the one-and-a-half page form in October of last year, about 3 months ago. It was not given to me. Had I received it, I would have checked the box indicating that I knew of no conflict, and I would have signed it.

Senator CAMPBELL. You made an accusation in your testimony in which you said, Mr. Rodgers and Ms. Mankamyer are furthering their own agenda. What do you perceive that to be?

Mr. DUBERSTEIN. I perceive, based on phone conversations, that President Mankamyer really wanted Lloyd Ward gone from the leadership of the USOC as her personal agenda, and that Ethics Officer Rodgers was trying to settle some old scores based on a bad personnel evaluation given to him by Lloyd Ward.

Senator CAMPBELL. That brings up perhaps my last question, Mr. Chairman. I am not an expert on corporate structure. It seems to me kind of unusual, though, that in the case of Mr. Rodgers, technically he worked for Mr. Ward, is that correct, in a staff capacity?

Mr. MARSHALL. Actually, Senator, you alluded to the reporting relationships in your statement, and you put your finger on, among the many issues that needed to be resolved, a serious problem. My understanding of the reporting relationship for the Ethics Compliance Officer is that, depending upon certain facts, he or she would

report to three different entities associated with the organization: the CEO, the president, and/or the Oversight Ethics Committee. And needless to say, in at least this most recent incident, two or three were in conflict, and they placed the compliance officer in a very difficult position.

Senator CAMPBELL. Does it not seem unusual—maybe it does not to you, but it does to me, unusual to have an employee of mine sit on an Ethics Committee that is going to judge my behavior? Is there not something structurally wrong with that? Does that not put the employee at a very precarious position when he has judged my behavior, as his boss?

Mr. MARSHALL. Senator, I believe it can, depending upon the level of independence associated with that job, but I think you are correct.

Senator CAMPBELL. But that is allowed within the structure of the U.S. Olympic Committee, apparently.

Mr. MARSHALL. Apparently.

Senator CAMPBELL. Thank you, Mr. Chairman. I will have some further questions in the next round, if I could.

The CHAIRMAN. Thank you. Senator Wyden.

Senator WYDEN. Gentlemen, I am puzzled on a number of points, but you all have said there was such unanimity, and agreement. If that is the case, why were people resigning from the Ethics Committee in protest, issuing these denunciations, and why does this turmoil continue if everything is so peachy down there?

Mr. DUBERSTEIN. Senator Wyden, I have not spoken to the three members of the Ethics Oversight Committee, but I have received e-mails from two of them at least. Both of them cite their disappointment that the Executive Committee did not have more disciplinary action against Lloyd Ward, and on that basis they felt that the Executive Committee and the USOC was not honoring the code of ethics.

Senator WYDEN. Do you want to add anything to that, Mr. Marshall?

Mr. MARSHALL. Senator Wyden, I have not discussed the reasons for those three resignations with the individuals. I do think, as Mr. Duberstein has said, it is entirely conceivable that, though these individuals participated in our deliberations, signed off on the unanimous report, they were concerned about the way in which the report was handled by the Executive Committee. I cannot do anything other than speculate.

Senator WYDEN. Now, gentlemen, in your investigation, what did you find out about Mr. Ward's brother's company? This is important to me, because obviously this goes right to the heart of the question of conflict of interest, and I would like to know specifically, what did you do on this question of investigating Mr. Ward's brother's company?

Mr. DUBERSTEIN. Fred Fielding interviewed Lloyd Ward and others to try to determine the business relationship. One of the findings that he shared with us, which is in his report, is that Lloyd Ward had no financial interest whatsoever in his brother's firm, so there was no potential financial gain involved.

Senator WYDEN. Do you all find it was a legitimate company? Did you find it was a sham company?

Mr. DUBERSTEIN. Fred Fielding did not indicate that it was a sham company.

Senator WYDEN. Mr. Marshall, do you want to add anything?

Mr. MARSHALL. Senator, from where I sat, I assumed—I cannot say assumed the worst about that company, but I assumed that the company was focused on this one objective, and assumed that there was a plan in place at the company to take full advantage of Mr. Ward's position, and I concluded, even with that assumption, that Mr. Ward's conduct was as we described it, conduct that gave rise to an appearance, period. We found nothing in the investigation that indicated that he had a personal stake in this.

Senator WYDEN. My last question is, what do you think is behind all the problems? These are not happening just by osmosis, gentlemen. I mean, there have got to be some factors that are producing one ethical misstep after another. I mean, it is like there is an ethical blind spot down there, and we ask you specific questions—Chairman McCain asked about General Motors. I was going to ask a question about recommendations, and you all are obviously well-prepared here for these questions, but these problems are not happening by osmosis, and I think my last question would be, what is behind it, and what needs to be done to turn this situation around?

I would like to hear from each of you. Mr. Duberstein.

Mr. DUBERSTEIN. Senator Wyden, I think the dysfunctional governing structure creates so much of this turmoil and so much of this jockeying for control of the organization that it makes people do bad things. In some ways it is a little bit like what White Houses sometimes do to people. There is so much jockeying that goes on. It has to stop. You have to focus on the athletes, but the way to get to it is by chucking out this ridiculous dysfunctional governing structure, and coming up with one where there is trust and where there is a single focus on the athlete. That is the way to do it, rather than who is controlling what.

Senator WYDEN. Well, I am interested in changing these organizational boxes around, but it just looks to me like there is a culture down there that does not make these ethical questions a priority, and that is what I want to see changed, and I have not heard either of you speak to anything like that, that would send a powerful message that this has got to stop.

It is going to change. Yes, we will look at the organizational structure, but you really want to get at a culture that looks like it does not make ethical questions a priority.

Mr. Marshall, do you want to respond to that?

Mr. MARSHALL. Well, I cannot add much to what Mr. Duberstein said on this point. I want to emphasize that in the wake of the Salt Lake Olympic bid scandal a number of ethics and compliance programs have been put in place, training programs that Mr. Rodgers can speak to on the next panel. It is important to note that in this instance the conduct alleged with regard to Mr. Ward was raised through the processes that have now been put in place at the Olympic Committee. It was reviewed consistently. Those processes and sanctions were applied.

Now, part of the problem, though, that brings us here today is that there was sort of a breathtaking array of leaks that occurred, press leaks, by and large tied to various competing factions within

the organization. Now, I think we all understand that the problem of leaks cannot be completely addressed, but I do think that, among others, the general counsel, Mr. Benz at the USOC, is trying to address that as we speak.

Senator WYDEN. One last question, and I know my time is up, Mr. Chairman, Mr. Duberstein, I am of the impression that you are serving without submitting an ethics form, is that correct?

Mr. DUBERSTEIN. That is what I said.

Senator WYDEN. Why was that allowed? Why is one allowed to serve there without filling out an ethics form?

Mr. DUBERSTEIN. Well, as I said to you, or said a few minutes ago, Senator, the committee should understand that the USOC volunteer annual disclosure certification is not a request to disclose assets and business relationships. It is simply a request to disclose known conflicts. I do not recall that I was asked to sign such a statement when George Mitchell and I headed up the review of the IOC and the USOC, nor do I recall being asked to sign such a statement when I was made chairman of this Ethics Oversight Committee.

As you know, Senator, we take very seriously the strictures about registering all of our clients, and we do that in the U.S. Senate, and we have done that consistently for the 13–1/2 years in operation. I sign ethics disclosure forms for the corporate boards I serve on, as is required.

As I said, a review of the e-mails at the Duberstein Group indicated that my assistant was e-mailed the one-and-a-half page statement in October of last year, more than a year and a half after I was appointed to the position, and I said to you it was not given to me. Had I received it, I would have checked the box indicating that I know of no conflict and, of course, I would have signed it.

Senator WYDEN. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Breaux.

Senator BREAUX. Well, I thank the witnesses. It is hard to know where to start in all of this. I was looking at the material the committee has prepared for us, and I thought the best summary was by David D'Alessandro, chairman of the John Hancock Financial Services and, of course, a worldwide sponsor, which we desperately need to make the Olympics successful. He wrote a seven-page letter to Ward and Mankamyer and said, among other things, it is no longer possible to overlook the seemingly nonstop turmoil and controversy that afflict your organization. It is a dysfunctional family that keeps electing a daft cousin or uncle to the top job. Their bureaucracy must be blown up and restructured.

That is a pretty clear recommendation about what should be done here, and we are sort of tinkering around the edges about whether somebody recommended the brother for a job in another country, in the Dominican Republic. It is much more than that, is it not?

Mr. DUBERSTEIN. Yes. It goes to the whole dysfunctional governance of the institution.

Senator BREAUX. Do either of you disagree with the statement I just read from Mr. David D'Alessandro? Is he wrong, or is he pretty close to getting it right?

Mr. DUBERSTEIN. I think the answer is, we have to start over with the governing structures so that we can reassure not only the American public but the athletes and the sponsors that everything is being done the right way at the USOC.

Senator BREAUX. We have had four CEO's and three presidents since 1999. Does that indicate a problem, or is this just a normal turnover?

Mr. DUBERSTEIN. Of course it indicates a problem, Senator Breaux.

Senator BREAUX. How do we fix it? I mean, I think all of us up here, we are here because we really want to make sure we get this right. It is going to take some changes I think in the authorizing statute to make it work right. We should look at this with the utmost of pride, and you know, it does not sound like that is what it is.

I mean, what kind of legislative recommendations, if any, would you give us?

Mr. DUBERSTEIN. I would suggest either the creation of a special commission to figure out the governance, or something directed by the Commerce Committee that would focus on one organization, not two, eliminating a 120-some member board of directors so you can get to a group that works, which is 10, 12, 14.

Senator BREAUX. The board, I take it from your investigations, is really just too large to be functional? Is it an honorary board to some extent? I mean, it is a great honor to be on the board of the USOC, or the IOC, in my opinion, but you need more than just an honorary board. I mean, you need a real functioning board that is going to make this operation work.

Mr. DUBERSTEIN. I would recommend you ask some people in the next panel who, in fact, are on the board. We do not serve on the board of directors, on the voting board of directors on the USOC, but clearly a 125-member board has to be totally unwieldy.

What you need is a small cadre of a board, and you need a CEO who has the power and the authority to move things without constantly being questioned by 125 members.

Senator BREAUX. Well, I thank you all for your comments in all of this. It is much larger than whether one person recommended his brother to provide generators in another country. It is much bigger than that. I mean, we can look at that, and it is sort of symptomatic of a problem, but it is really much bigger than that. That is minor in comparison to the big picture we are looking at.

Mr. DUBERSTEIN. You and I would certainly agree that ethics has to be very high on the list, but you have got to get the governing structure right, and you have to have governing structure that also requires high ethical standards. That is the key.

Senator BREAUX. I thank both of you.

The CHAIRMAN. Thank you. I understand Senator Campbell has one more.

Senator CAMPBELL. Thank you, Mr. Duberstein, for mentioning the word, athletes. We have been sitting here for an hour, and we have not mentioned them. You know, that is what it has always been about for me, about what is happening to our young people that are trying their hearts out to be on that team, and not who is taking trips to Europe, or who is getting the best of somebody

else in the hierarchy or any of that kind of stuff. We ought to be focusing on what we are doing for young people.

Let me ask you just something about the ethics thing. are you the only person on the committee who has not turned in a disclosure form?

Mr. DUBERSTEIN. I do not know the answer to that.

Senator CAMPBELL. You are chairman, but you do not know the answer to that?

Mr. DUBERSTEIN. No.

Senator CAMPBELL. When somebody is hired with the U.S. Olympic Committee, whose responsibility is it to know the rules of behavior? When we get elected, for instance, we get one of these, and we are pretty much told what is in it, and it is our responsibility to read it and understand it, and if we do not, the Ethics Committee, we can call them any time of the day and ask them to spell it out for us and, in fact, many of us, before we even make a decision on doing something, we run it by them first to see if we could be in trouble, since we are not—a lot of us are not real experts on the subtleties of a book that thick.

Is it the responsibility of the Ethics Committee to school the incoming people, or is it the responsibility of the people to be aware of any behavior or misconduct that may be spelled out in the Ethics Committee rules?

Mr. DUBERSTEIN. It is the responsibility of the Ethics Oversight Compliance Officer to administer day-in and day-out to the ethics oversight program of the USOC.

Our job, the way we have interpreted it, is to be available to help when there are referrals or allegations made to the committee, whether it is about bid city procedures for 2012, or vetting the candidates to replace Sandra Baldwin when she resigned. That came to the Ethics Oversight Committee, but the day-in, day-out administration of the ethics program is the responsibility of the Compliance Officer.

Senator Campbell, if I could take the opportunity to also say to you that two members of the Ethics Oversight Committee are athlete representatives, and participated fully. They voted with everybody else. They have hung in there and continued to express their pride that we got things right.

It happens to matter a lot to me that it is the two athlete representatives who really are fighting the fight and saying we did the right thing.

Mr. MARSHALL. Senator Campbell, if I could add in response, with regard to the question of whose responsibility it is to make sure the rules are in place and that they are followed, you have got the individual who most recently had that position coming before you as a witness on the next panel, and I would like to suggest a couple of questions.

In addition to dealing with the specifics of who may or may not have submitted disclosure forms, which is an issue I believe Mr. Rodgers can address, although he has recently resigned from the USOC, I think looking forward it would be useful for you to ask him whether, looking forward, the Office of Ethics Compliance at the USOC has sufficient resources to track down the issues it

needs to track down, or track down disclosure forms, or develop modifications to our bylaws, rules, or training programs.

Senator CAMPBELL. Thank you.

The CHAIRMAN. Thank you. Thank you, Mr. Duberstein and Mr. Marshall.

Our next panel is Ms. Rachel Godino, chairperson of the Athletes' Advisory Council and USOC Executive Committee member, Mr. Patrick Rodgers, former Chief Ethics Compliance Officer of the United States Olympic Committee, Mr. Lloyd Ward, chief executive officer and executive director, United States Olympic Committee, and Ms. Marty Mankamyer, who is the president of the United States Olympic Committee.

And as our witnesses are joining us, I would again repeat, I will be asking the committee members to subpoena Mr. Fielding. I think there are a lot of questions that need to be asked of Mr. Fielding, the quality of his report, his failure to make recommendations, and I am sorry he has higher priorities than appearing here today before this committee, so we will have to make sure that he does not have another important meeting that would supersede our requesting his presence.

We would like to begin with you, Ms. Godino, and thank you for appearing here today, and please proceed.

STATEMENT OF RACHEL GODINO, CHAIRPERSON, ATHLETES' ADVISORY COUNCIL, AND USOC EXECUTIVE COMMITTEE MEMBER

Ms. GODINO. Thank you, Mr. Chairman, Members of the Committee. Thank you for this opportunity to speak to you today. My name is Rachel Myer Godino. I am a 1992 Olympian in the sport of figure skating and serve as the elected chairperson of the United States Olympic Committee Athletes' Advisory Council, the USOCAAC. The AAC is composed of Olympic, Pan American, and Paralympic athletes elected by their peers to represent the interests and protect the rights of America's athletes. It is truly an honor to represent and lead such a distinguished group.

I am also here as a member of the USOC Executive Committee. Today, I am presenting the views of all five USOC vice presidents, and the chair of the National Governing Bodies Council, Robert Marbut, who is seated behind me.

It is unfortunate that I am not here to share with you today the stellar performances of America's athletes on the field of play, and they have been stellar. Unfortunately, the continued organizational challenges that plague the USOC threaten to cloud their significant achievements. We should all keep in mind that the sports administrators, coaches, and especially the athletes are the innocent victims of this turmoil.

I will address first the specifics of the January 13 Executive Committee meeting and, second, the broader issue of how the USOC can better serve America's athletes. On January 13, the Executive Committee met and considered the Ethics Oversight Committee report and supporting materials. The Ethics Oversight Committee report, as you know, had three findings, and expressed a grave concern.

It is notable, as Mr. Duberstein and Mr. Marshall noted, that all 10 members of the Ethics Oversight Committee unanimously approved that report. The Executive Committee took action on the entire report, as I believe it was our responsibility to do. First, we accepted and approved the report, and I would suggest to you that I think, given the circumstances, it would have been highly unusual for us to do otherwise.

Second, we provided disciplinary action for the two findings regarding Mr. Ward, that he failed to comply with the USOC code of ethics. The Compensation Committee will determine that penalty.

Third, we asked the five vice presidents, the chair of the NGBC council, and myself to create an action plan to address the third finding and the concerns expressed by the Ethics Oversight Committee. The entire Executive Committee participated in the discussion with the exception of Mr. Ward and Ms. Mankamyer, and that motion I just described was passed by an 18 to 3 vote, an overwhelming majority.

The characterizations of the January 13 meeting in the media have been less than accurate. While no one expressed the view in the meeting that the findings regarding Mr. Ward merited termination, because the press reported in advance that Mr. Ward's job was in jeopardy, any action less than termination was portrayed as inaction. Far from it. The referral to the Compensation Committee will lead to a penalty for Mr. Ward.

Furthermore, the Executive Committee had an obligation to consider the entire Ethics Oversight Committee report, not just the parts that addressed Mr. Ward. I believe that the Executive Committee discharged its duty properly on January 13. That said, I think the Executive Committee could have provided more clarity to the public as to whether Mr. Ward's conduct constituted a," violation of the code of ethics."

While the Ethics Oversight Committee report did not use that word, their findings are a literal violation of the USOC code of ethics. By accepting and agreeing with the report, some Executive Committee members, including myself, believe that we were acknowledging a violation by Mr. Ward.

As the committee undoubtedly knows, I am a member of the group of seven officers, which consist of all five USOC vice presidents, the chair of the NGB council, and the chair of the AAC, myself, that requested Ms. Mankamyer's resignation privately on January 12 and publicly on January 21. We requested her resignation because of our concerns about her leadership and handling of this matter. These concerns caused us to lose confidence in her ability to lead us. We do not take this request lightly. Indeed, it has been extremely difficult, for me personally, to request the resignation of our president, as I consider Ms. Mankamyer a friend.

I would now like to address the broader issue, and in terms of the future of the Olympic movement in the United States, perhaps the most important issue of improving the governance and structure of the USOC. Certainly, it is true that personalities often play a role in conflict, and have undoubtedly played a role in this most recent series of events, but the recurring nature of the organizational challenges we have faced, as has been suggested today, sug-

gest that we also have a fundamental structural problem. To date, we have been unable to rectify these problems.

In the hope of implementing necessary changes, I believe an Olympic Review Commission could help find possible solutions. If created, I suggest that the commission's objective would be to cause changes to our governance structure that apparently cannot occur through our normal processes. To limit the continued turmoil and to return your attention and the attention of the American public to the athletes, and to the field of play, as swiftly as possible, I request that the commission, if created, conduct its work as swiftly as possible.

I would like to take the opportunity to day to request that the commission, or whatever mechanism is put in place to move us forward, consider the following concepts in their deliberations. First, I believe we need a streamlined form of governance, as suggested publicly by Senators Stevens and Campbell last week, and by many of you here today. The exact nature of that streamlining is to be determined, but must address the size, roles, and responsibilities of the board of directors, the Executive Committee, and the officers.

Second, the roles and responsibilities of the board vis a vis the professional staff must be clearly defined and practiced. Strategies should be part of the recommendations.

Third, we must raise the level of professionalism among our volunteer leadership and, indeed, across the board. I suggest consideration of adoption of Sarbanes–Oxley provisions as may be applicable to the USOC. Implementation of annual board and Executive Committee training and performance reviews would undoubtedly precipitate additional improvements.

Overall, we should implement best practices, as recommended by recognized independent organizations involved in fostering sound corporate governance.

Ultimately, everyone who is a part of USOC should be held accountable to all of you, the sponsors, the American public, and ultimately to the athletes that we serve.

Given the opportunity, and a set of circumstances conducive to change such as those that we are facing today, we can fix these problems. We must fix them for America's athletes. Without our athletes, the U.S. Olympic Committee has no purpose, no reason to exist. We have just 184 days until the 2003 Pan American Games, and just 561 days until the 2004 Athens Olympic and Paralympic Games. In fact, last week, the first two members of the 2004 Olympic team were selected. They are synchronized swimmers Alison Bartosik and Anna Koslova.

Despite the major distraction that the USOC is experiencing as an organization, we must remember that the athletes of the United States are hard at work on the field, in the gym, in the pool, or on the ice and snow, training, competing, and pushing themselves to limits that most people cannot fathom. We are proud of our athletes every single day of the year, and every year of the quadrennium, for their perseverance, ambition, discipline, and passion for sport. I hope that we can make the appropriate changes to this organization so that our athletes are as proud of the USOC as we are proud of them.

Thank you for your time.

[The prepared statement of Ms. Godino follows:]

PREPARED STATEMENT OF RACHEL GODINO, CHAIRPERSON, ATHLETES' ADVISORY COUNCIL, AND USOC EXECUTIVE COMMITTEE MEMBER

Senator McCain and Members of the Senate Commerce Committee, thank you for the opportunity to speak to you today about the Olympic Movement in the United States. My name is Rachel Mayer Godino. I am a 1992 Olympian in the sport of Figure Skating, and serve as the elected chairperson of the United States Olympic Committee Athletes' Advisory Council (USOC AAC). The AAC is composed of Olympic, Pan American, and Paralympic athletes elected by their peers to represent the interests, and protect the rights of America's athletes. It is truly an honor to represent and lead such a distinguished group. I am also here as a member of the USOC Executive Committee.

Today, I am presenting the views of all five USOC Vice Presidents and the Chair of the NGB Council, Robert Marbut. Due to the extremely short timeframe I had to prepare for this hearing, the full AAC has not yet had an opportunity to meet and take a formal position on these matters. Moreover, I have not had an opportunity to present my views comprehensively in this statement, and I may wish to supplement this statement following the hearing.

It is unfortunate that I am not here today to share with you the stellar performances of America's athletes on the field of play. Just three days ago, Daron Ralves won the Hahnenkamm—the "Super Bowl" of Skiing, and Bode Miller is vying for the top spot in World Cup rankings. Just last weekend Michelle Kwan won her seventh National Championship, with Sarah Hughes the 2002 Olympic gold medalist close behind. This summer, our women's softball and basketball teams won their respective World Championships, and we dominated the Pan Pacific Championships in swimming. Unfortunately, the continued organizational challenges that plague the USOC threaten to cloud these significant achievements by athletes. We should all keep in mind that the sports administrators, coaches, and most importantly the athletes, are the innocent victims of this turmoil.

As requested, I will first address the specifics of the January 13, 2003 Executive Committee meeting. Second, I will address the broader issue of how the USOC can improve and better serve America's athletes.

On January 13, 2003, the USOC's Executive Committee met to consider the Ethics Oversight Committee report of January 10, 2003 and supporting materials. By way of background, Kenneth Duberstein chairs the Ethics Oversight Committee, and Thurgood Marshall, Jr. and Thomas McLarty serve as its Vice Chairs. Other than two athlete members and a representative from the National Governing Bodies Council, those that serve on the Ethics Oversight Committee are independent—that is to say that they are not otherwise involved in the affairs of the USOC. The Ethics Oversight Committee hired Fred Fielding as independent counsel to investigate the matters presented to them by Pat Rodgers in the fall of 2002. The Ethics Oversight Committee report had three findings and expressed one grave concern (as set forth below). It is notable that all ten members of the Ethics Oversight Committee unanimously approved the final report.

At the January 13 meeting, the Executive Committee reviewed and considered the Ethics Oversight Committee report, Mr. Fielding's interview memorandum, and supporting materials. We discussed a proposed motion and the facts and circumstances. Every member of the Executive Committee, other than Ms. Manakamyer and Mr. Ward spoke and engaged in the discussion. The meeting lasted approximately three hours. Following discussion, the Executive Committee passed a three-part motion (described below) by an 18–3 vote.

First, the Executive Committee accepted and approved the report of the Ethics Oversight Committee in full, thereby accepting and approving the findings and concerns delineated in the report. I suggest that given the series of events leading to that point, it would have been highly unusual for us to act otherwise.

By accepting and approving the report, the Executive Committee agreed with the characterization that Mr. Ward "created the appearance of a conflict of interest", and "failed to make a written disclosure". Therefore, the second part of the Executive Committee motion provided for disciplinary action for the two findings in the report that Mr. Ward failed to comply with the USOC Code of Ethics. While many press reports have represented that Mr. Ward was "cleared of wrongdoing" in the report and/or by the Executive Committee, it is simply not true. Disciplinary action was taken; Mr. Ward was not cleared of wrongdoing. The Compensation Committee was directed to handle disciplinary action for Mr. Ward through his performance re-

view. The Compensation Committee is charged with determining the penalty, and will do so. Mr. Ward will suffer a penalty as a result of this action.

Third, the Officers, the Chair of the National Governing Bodies Council, and I were charged with creating an action plan for presentation and approval at the upcoming February 8–9 Executive Committee meeting to address the third finding and the concern expressed in the Ethics Oversight Committee report. The finding addressed "a serious lack of sensitivity in the enforcement of the USOC Ethics Code", and grave concern was expressed about attempts to "abuse its process and use that process for other purposes." Furthermore, the Executive Committee was in agreement that the manner in which the documents relevant to this matter had been selectively leaked to the media was improper and raised serious questions about the conduct of the organization. The development of the plan to address all of the above is underway.

The characterizations of the January 13, 2003 Executive Committee meeting in the media have been less than fully accurate. While no one expressed the view in the meeting that the findings regarding Mr. Ward merited termination, because the press reported in advance that Mr. Ward's job was in jeopardy, any action less than termination was portrayed as inaction. Far from inaction, the Executive Committee referral of the disciplinary action through the Compensation Committee will lead to a penalty for Mr. Ward. Furthermore, the Executive Committee had an obligation to consider the entire Ethics Oversight Committee report, not just those parts that addressed Mr. Ward. Lastly, it is important to note again that the three-part motion described above was passed by a vote of 18–3—an overwhelming majority of the Executive Committee.

I believe that the Executive Committee discharged its duty appropriately on January 13, 2003. That said, I believe that the Executive Committee could have provided more clarity to the public as to whether Mr. Ward's conduct constituted a violation of the Code of Ethics. While the Ethics Oversight Committee report did not use the word "violation", their findings are a literal violation of the USOC Code of Ethics. By accepting and agreeing with the report, some Executive Committee members believed that we were acknowledging a violation by Mr. Ward. Others believe that we should have addressed the issue more directly. After consideration of all the factors, it is my opinion, and the opinion of the five Vice Presidents, the Chair of the NGB Council, and a number of Executive Committee, members, that Mr. Ward did violate the Code of Ethics, and that the recommended disciplinary action through the Compensation Committee was the appropriate consequence for that violation.

As the Committee undoubtedly knows, I am a member of the group of seven "Officers" (all five USOC Vice Presidents, the Chair of the NGB Council, and the Chair of the AAC) that requested Ms. Mankamyer's resignation privately on January 12, 2003 (prior to the Executive Committee meeting) and publicly on January 21, 2003. This group of "Officers" crosses some of the historic "continental divides" in the USOC such as those between the NGB Council and the AAC. After a discussion with Ms. Mankamyer on the evening of January 12, we the "Officers" concluded that she used her position and her associated control over calling of Executive Committee meetings, setting of Executive Committee agendas, and identifying materials to be disseminated to the members of the Executive Committee, not to conduct a fair and reasonable review of the conduct of Mr.Ward. To be absolutely clear, we requested Ms. Mankamyer's resignation not because of any stand she has taken on ethical matters or related to Mr. Ward's conduct. We requested her resignation because of our concerns about her leadership and handling of this matter. These concerns caused us, the "Officers", to lose confidence in her ability to lead us. Coupled with the Ethics Oversight Committee report's "grave concerns" which we took to be regarding Ms. Mankamyer's involvement in the investigation, we all believed that it was in the best interest of the USOC, and in the best interest of Ms. Mankamyer that she resign. We do not take this request lightly. Indeed, it has been extremely difficult for me personally to request the resignation of our President, as I consider Ms. Mankamyer a friend. I will note again that this request came from the "Officers", not the Executive Committee or the Board of Directors.

I would now like to address the broader issue, and in terms of the future of the Olympic Movement in the United States, perhaps the more important issue, of improving the structure and governance of the USOC. As you may know, the USOC has commissioned and undergone numerous studies over the last decade to analyze and improve our governance structure.[1] These studies have a common theme—the

[1] 1999 McKinsey Report, 1998 Amendment to the Amateur Sports Act, 1996 Marketing Associates International (MAI) Study, 1989 Olympic Overview Commission ("Steinbrenner Commission"), 1985 USOC Long Range Planning Commission (Chaired by Jay Flood), 1978 Amateur Sports Act, 1977 Presidential Commission on Olympic Sport.

inherent challenges in the structural relationship between the volunteer leadership and the professional staff. Specifically, the divisions of power, and shared responsibilities between the CEO and President have been considered. Recent events have re-emphasized the points raised in these studies. Certainly it is true that personalities often play a role in conflict, and they have undoubtedly played a role in this most recent series of events. But the recurring nature of the organizational challenges we have faced suggests that we also have a fundamental structural problem. To date, the USOC has demonstrated a lack of political will to implement structural changes to rectify these problems.

In the hope of finally implementing necessary changes, I believe that an Olympic Review Commission could help find positive solutions. If created, I suggest that the Commission's objective would be to cause changes to our governance structure that apparently cannot occur through our normal processes.

To limit the continued turmoil, and to return your attention, and the attention of the American public to the athletes and the field of play as swiftly as possible, I request that the Commission present an interim report to you, the Commerce Committee as soon as possible—ideally before the April 12–13 USOC Board of Directors meeting. Furthermore, I request that the Commission provide its final report in time for legislation to be considered, and if appropriate adopted, before the end of this year.

I would like to take the opportunity today to request that the Commission (or whatever mechanism is put in place to move us forward) consider the following concepts in their deliberations.

First, I believe that we need a streamlined form of governance, as suggested publicly by Senators Stevens and Campbell last week. The exact nature of that streamlining is to be determined, but must address the size, roles and responsibilities of the Board of Directors, Executive Committee, and Officers.

Second, the roles and responsibilities of the Board vis a vis the professional staff must be clearly defined and practiced. Improved clarity alone will not solve the problem. We, as volunteers and staff must actually act in accordance with the defined roles and responsibilities. As you may know, in 2000 we changed the USOC Constitution and Bylaws and transferred many responsibilities from the volunteers to the professional staff as a result of the 1999 McKinsey & Co. study. However, I believe that we failed to implement critical changes to the culture and practice to complete the transformation envisioned. Strategies to ensure that the roles and responsibilities of volunteers and staff are both defined and practiced should be part of any recommendations for improvement.

Third, we must raise the level of professionalism among our volunteer leadership, and indeed across the board. I suggest careful consideration of adoption of Sarbanes-Oxley provisions as may be applicable to a nonprofit like the USOC. Furthermore, implementation of annual Board and Executive Committee training and performance reviews would undoubtedly precipitate improvements. Overall, we should implement "best practices" as recommended by recognized independent organizations involved in fostering sound corporate governance. To ensure that the Board of Directors has a level of sophistication and professionalism worthy of our esteemed athletes, perhaps the Board should include Presidential, or other governmental appointees, or at least additional members from the public sector with governance experience. Ultimately, everyone who is a part of the USOC should be held accountable to all of you, the sponsors, the American public, and ultimately to the athletes that we serve.

Given the opportunity, and a set of circumstances conducive to change, such as those we face today, we can fix these problems. We must fix them for America's athletes. Without our athletes, the U.S. Olympic Committee has no purpose; no reason to exist. We have just 184 days until the 2003 Pan American Games and just 561 days until the 2004 Athens Olympic and Paralympic Games. In fact, last week, the first two members of the 2004 Olympic Team were selected. They are synchronized swimmers, Allison Bartosik and Anna Koslova.

Despite the major distraction that the USOC is experiencing as an organization, we must remember that the athletes of the United States are hard at work on the field, in the gym, in the pool, or on the ice and snow training, competing, and pushing themselves to limits most people can't fathom. We are proud of our athletes every single day of the year, and every year of the quadrennium, for their perseverance, ambition, discipline, and passion for sport. I hope that we can make the appropriate changes as an organization so that our athletes are as proud of the USOC, as we are proud of them.

Thank you for your time and attention.

The CHAIRMAN. Thank you very much.

Mr. Rodgers, welcome.

STATEMENT OF PATRICK J. RODGERS, FORMER USOC ETHICS COMPLIANCE OFFICER

Mr. RODGERS. Thank you, Senator. I am here today to speak to alleged violations of the United States Olympics Committee code by its chief executive officer, Lloyd Ward. I can only presume that the Executive Committee read a different set of documents than I read.

It is interesting to note the evolution of no wrongdoing and exoneration to that of now a technical violation. However, it was and remains clear to me that Lloyd Ward abused his position as chief executive officer of the United States Olympic Committee by directing an employee to help his brother's company attempt to secure a multimillion contract with the organizers of the 2003 Pan American Games in the Dominican Republic.

His actions are particularly troubling because he bypassed the USOC compliance and ethics process by not consulting with me as chief compliance officer or the general counsel on the propriety of his decisions. He constantly chose to use USOC assets in the form of asking a subordinate employee to assist his brother and friend, and by do doing improperly engaged the reputation of the U.S. Olympic Committee to facilitate contacts and meetings with the 2003 Pan American Games Organizing Committee in Santa Domingo. He did this for the express purpose of benefiting his brother and family friend. He failed to disclose his conflict of interest on his annual disclosure statement dated July 1, 2002, and again in November of 2002, when he failed to fully disclose the extent of his knowledge and involvement when interviewed by outside counsel. These are the central issues.

Mr. Ward would have us believe that certain individuals' political motivations that are Machiavellian plots are the greater sins. However, these constructive assertions are simply not compatible with the facts. For Mr. Ward to assert his actions were clearly transparent because they fully delegated the matter is pure folly. By referring the matter to his immediate subordinate, the message was loud and clear. The employee had no independent knowledge or awareness of even the existence of Energy Management Technologies, and therefore would not have made the business introduction but for Lloyd Ward's direction.

If Lloyd Ward really was concerned about transparency, he should have stepped down by referring the request from his brother's company to the chief compliance officer. The charge that I, as chief compliance officer, should have counseled Lloyd Ward about his unethical behavior prior to having any knowledge of it ignores the fundamental facts and infers a certain failure on the part of Lloyd Ward to understand and comply with the very code that he and 125 USOC board members endorsed and adopted this past April at the board of directors meeting in Boston.

However, separate and apart from this matter, and in line with my responsibilities as chief compliance officer, I did provide Lloyd Ward with one-on-one ethics counseling shortly after his hire, and even discussed a parallel case involving a predecessor CEO's conflicts over a family member's business interests.

In addition, I conducted training for senior staff, including Lloyd Ward, at a senior staff retreat in Alabama on August 17 of last year, at which I presented a case study concerning a potential finder's fee for facilitating a business arrangement, and then discussed misuse of USOC property, misuse of USOC name and marks, endorsements, proprietary information, and conflicts of interest related to misuse of position for personal gain and favored treatment of family and friends.

In this case, the facts, if anybody is willing to look at them, clearly supports that it was not until October 7, 2002 that I became aware of Lloyd Ward's initiative and involvement in facilitating potential financial gain for his brother and friend, and initiated an ethics review.

It is my conclusion that Lloyd Ward misused his position as chief executive officer of the United States Olympic Committee to facilitate potential financial gain for his brother and/or his friend, and in the process violated four provisions—not one, four provisions of the USOC code of ethics.

Specifically, he violated the code with the requirement to protect information that belongs to the United States Olympic Committee or donors, sponsors, suppliers, and fellow workers. Mr. Ward was aware of or should have known that Energy Management Technologies' presentation contained proprietary Olympic photographs of athletes engaged in competition at the Sydney games, which may not be used for commercial purposes.

Because of Energy Management Technologies' business plan, the original information that I did not call for marketing microturbines to the Pan American Games or anybody, for that matter, in the Olympic family. The note given to Hernando Madronero, which I received in October, was the first indicator that this was, at least in part, an initiative undertaken as a result of information provided by Lloyd Ward to Energy Management Technologies which he acquired as a direct result of his position with the United States Olympic Committee.

He violated the requirement to avoid conflicts of interest, real and perceived. He failed to disclose the business relationship with his brother, family friend, and another member of the Olympic family, specifically his friend and brother's relationship in Santa Domingo.

He failed to meet the requirement of never using USOC assets or information for personal gain. Lloyd Ward used USOC staff and the name of the United States Olympic Committee to facilitate a potential business relationship for his brother and friend with another national organizing committee which could have resulted in substantial financial gain for his brother and/or family friend. It does not make any difference whether or not any financial gain in fact accrued. The attempt was there.

The last point he violated, and this is the one finding, apparently, that somebody is giving some recognition to, to recognize even the appearance of misconduct or impropriety can be very damaging to the reputation of the United States Olympic Committee and act accordingly. Lloyd Ward's knowledge, associations, and assistance to his brother and family friend in their attempt to engage

in a business transaction with another member of the Olympic family presented a clear perception of a conflict of interest.

In conclusion, this is not just about Lloyd Ward and the failure to enforce the code of ethics. This is about failed self-governance and leadership which chose to look the other way and, in so doing, as far as I am concerned, placed the very Olympic values, spirit, and ideals that they were entrusted to protect at risk.

And I have one final statement as it relates to Mr. Duberstein about whether or not I could have made this matter go away. I absolutely could have made the matter go away by simply agreeing with Mr. Duberstein's contention from the very beginning that this was, "a lot about nothing."

That is the end of my statement.

[The prepared statement of Mr. Rodgers follows:]

PREPARED STATEMENT OF PATRICK J. RODGERS, FORMER USOC ETHICS COMPLIANCE OFFICER

My recollection of the following chronology, facts, and personal interactions best describe my knowledge of alleged ethics violations by United States Olympic Committee Chief Executive Officer, Lloyd Ward, and the controversy surrounding them.

On or about April 4, 2002, following a meeting in the office of Hernando Madronero, the then Managing Director of International Relations, he shared with me a letter that he said was given to him by Lloyd Ward, the Chief Executive Officer of the United States Olympic Committee. The letter was from a company called "Energy Management Technologies," a division of WestBank Holdings LLC and was signed by Mr. Lorenzo Williams and Mr. Rubert Ward.

Madronero said that he thought it strange that Mr. Ward would show him the letter and asked me to look at it. The letter, dated February 19, 2002, thanked Mr. Ward for taking the time to review the attached business plan and noted that changes had been made to reflect Mr. Ward's suggestions from the initial plan. The letter contained a request for Mr. Ward's financial assistance in the form of either a loan or equity investment in the amount of $150,000 for the purchase of 2–3 microturbines and funding to maintain its operations in the Dominican Republic.

I reviewed the business plan and noted that the plan called for marketing microturbines to educational institutions, resource recovery landfills, medical facilities, American ex-pats, law enforcement facilities and agriculture. The plan also contained a 5-phase strategic plan encompassing the Dominican Republic, Panama and Jamaica.

Nothing in the cover letter or business plan gave any indication that the business ventures proposed were in any way related to the United States Olympic Committee, Olympic family, sponsors, or the 2003 Pan American Games.

I then asked Mr. Madronero if Mr. Ward asked him to do anything related to the letter or business plan. Mr. Madronero's response was that he had not been asked by Mr. Ward to do anything related to the request or business plan. He added that he was asked by Lloyd Ward to keep him informed on developments in the Dominican Republic.

At that time, although I did not see any ethics issues associated with the letter, business plan, or Mr. Ward's request that Madronero keep him informed of developments in the Dominican Republic, I sought a second opinion and showed the letter and business plan to the USOC General Counsel, Mr. Jeff Benz.

We jointly concluded that there was no ethics matter associated with the request. Mr. Benz and I both decided that it would be important to ensure that if any contractual business or sponsor relationship contained the name of this company, "Energy Management Technologies," we would want to have an opportunity to review it to ensure that there were not any potential conflicts of interest. In that regard, Mr. Benz sent an email to his staff at the end of our discussion.

I also informed the Chairman of the USOC Ethics Oversight Committee, Ken Duberstein, of the incident during a dinner meeting with him in at the Chicago Airport Hilton on the eve of the USOC Executive Committee Presidential election meeting. The information provided to Mr. Duberstein was routine and in line with keeping him informed of what I was doing. I did not, at that time, have any additional information that would cause me to believe there had been any breach of the USOC Code of Ethics by Mr. Ward.

It was not until October 7, 2002 at a pre-arranged lunch with Mr. Madronero and another USOC employee that I learned from Mr. Madronero that he had helped Lloyd Ward's brother. During the lunch discussion, Mr. Madronero complained that he felt humiliated by being escorted off the USOC complex without any opportunity to say goodbye to his staff or return to his office to retrieve his personal effects. He also stated that he did not believe that Mr. Ward liked Hispanics and was offended by his treatment after all he had done to help Mr. Ward's brother.

At that point I said "What do you mean, helped his brother"? Before he could answer, I reminded Mr. Madronero of my earlier conversation with him wherein he told me he had not been asked to take any action in response to Mr. Ward showing him the letter. Mr. Madronero then said that it was no big deal and he had no interest in discussing the matter further, as he simply wanted to focus on getting on with his life and didn't want to jeopardize working out an agreeable severance with the USOC.

I told Mr. Madronero that he had an obligation to report to me what transpired and any report that he gave me would not be subject to any communication prohibitions contained in a severance agreement. I emphasized that I wanted to know exactly what he did to help Lloyd's brother, why he did it and if he had any supporting documentation that could verify it. Madronero then alleged that Lloyd asked him to call his brother and see if he could be of assistance in facilitating a meeting with the Pan American Games organizing committee. Madronero said that he did make some calls on behalf of Rubert Ward to Dr. Puello, the President of the Dominican Republic Olympic Committee and he believed that he had a couple of documents at his apartment, as well as a possible voice mail message left on his office phone from Lloyd Ward's brother, Rubert Ward. I asked him if there were any other calls or communications. He said that there were several calls but he only had the one voice mail.

I followed Mr. Madronero home, retrieved a copy of the February 19, 2002 letter, a handwritten note from Lloyd Ward to Mr. Madronero stating *"An interesting proposal that could be beneficial for the 2003 Pan Am Games. Let's discuss. Come see me this week."*

Additionally, Madronero gave me a small undated handwritten note containing telephone numbers for Rubert Ward, allegedly given to Madronero by Lloyd Ward. I then asked Madronero to call his voice mail while we were at his apartment and transfer the call allegedly from Rubert Ward to my office phone.

On October 8th, I listened to and transcribed the voice mail from Rubert Ward, who thanked Madronero for his assistance and informed him that a meeting was scheduled with Dr. Puello on August 28th of 2002 in Santo Domingo to discuss the proposed business venture.

On or about October 11th, I sent a fax to Kenneth Duberstein, informing him of my discussion with Madronero and the documents provided by Madronero. I made a recommendation in that memo that "The Ethics Oversight Committee retain outside counsel to conduct the necessary interviews to determine the facts and circumstances surrounding the allegation and provide a report of findings to the Chair.

I spoke with Mr. Duberstein by phone on the 15th of October. During that conversation his initial position was that this was not an ethics matter but a management issue. I disagreed and following a discussion concerning the role and responsibilities of the Ethics Oversight Committee, my responsibilities and the President's responsibilities, he agreed to schedule a meeting of the Committee and asked me to send him documentation concerning my responsibilities, as well as that of the Oversight Committee and the USOC President. He also asked that I prepare a proposed course of action should the Oversight Committee decide to take up this matter.

On the 16th of October, 2002, I prepared and sent a memo to Mr. Duberstein containing the responsibilities of the Oversight Committee, my responsibilities as Chief Compliance Officer and the responsibilities of the USOC President. All of the information was extracted from the USOC Constitution, Bylaws, and Ethics and Compliance Policy III–1. Additionally, I proposed a course of action for proceeding if the Ethics Oversight Committee determined that this was properly a matter for committee review and investigation.

An Ethics Committee teleconference meeting was held at 12 noon EST on the 24th of October, 2002 to take up consideration of this matter. Documentation supporting the allegation was sent separately to each Ethics Committee member in advance of the call. As documented in meeting minutes, the Ethics Committee was informed of the allegation and my proposed course of action. The committee unanimously agreed to the following steps:

1. Retain outside counsel to determine the financial interests of Lloyd Ward in his brother's company and to determine whether or not there were other related communications involving Lloyd Ward, Hernando Madronero, Rubert Ward and other staff. Counsel was to interview Hernando Madronero and then report back the results of that interview to the full committee before proceeding further.
2. The Chair of the Ethics Oversight Committee was to:
   A. Inform Lloyd Ward of the allegations and the information received by the committee, to include all documents and transcripts.
   B. Extend the committee's invitation to Mr. Ward to submit input or documentation for consideration by the committee.
   C. Inform Mr. Ward that the results of the committee's investigation would either be closed, if unsubstantiated, or reported to the Executive Committee in accordance with USOC Bylaws.

At the next regularly scheduled Ethics Oversight Committee meeting held in Colorado Springs on November 2, 2002, the minutes taken by me during the October 24th teleconference were reviewed and approved by the committee and are a matter of record.

During the period between October 24th and the next teleconference meeting, on or about November 22nd, I contacted outside counsel, Fred Fielding, on several occasions to determine the status of his interviews. I was concerned that a matter of this potential significance to both Mr. Ward and the USOC was taking so long given that Mr. Fielding's charge by the committee was limited and his report was necessary to determining whether or not to proceed further. His response was always the same. He was working on it and would report to the committee chair when it was completed. During one of those calls he asked me if I would mind giving him my statement because there were some discrepancies in the recollection of others that he talked with and the initial information that I gave him. I agreed, gave him the information and then again pressed him to complete his work.

Eventually, a committee conference call was scheduled for November 22nd wherein Fred Fielding, the retained outside counsel, was to report the results of his interviews to the full committee. During a pre-conference committee call between Ken Duberstein, Fred Fielding, and me which was scheduled to enable Mr. Duberstein and me to hear the results of Mr. Fielding's interviews immediately prior to the full committee conference call, Mr. Fielding gave his verbal report. Upon the conclusion of that report Mr. Duberstein declared that this was "a lot about nothing." I said that it was a clear ethics violation. After several minutes of discussion with no agreement by me that this was not a clear ethics violation, the 3 of us agreed that a written report was necessary before further discussion of the matter. When the full ethics committee conference call began, Mr. Duberstein announced the need for a written report before discussions of this matter could continue. The committee agreed and set a time table to receive the report within 10 days. Mr. Fielding agreed to get the report to the committee and I committed to schedule another full committee meeting as soon as possible following receipt of the report by committee members.

Immediately following the call, Mr. Duberstein called me back and told me that this was a management issue and I needed to find a way to make this go away for my own good. I asked him if he was trying to infer that I should be worried about my job. I told him that he should not have such worry because I believed this was a clear ethics violation and would leave my job before I would ever entertain finding a way to make this go away. Mr. Duberstein then said that he was concerned that the Ethics Committee was being used for political purposes and he would not allow the Ethics Committee to be used for that purpose. I said that political issues should be considered as management issues but this was clearly not a political issue and would not change my position that I believed it to be a clear violation of the USOC Ethics Code. He again said that this was a lot about politics and I should think overnight about what he told me and call him back the next day.

I called him the next work day, I believe it was November 25th, and reiterated my position. It was at that time that Mr. Duberstein asked me to recuse myself from Ethics Committee deliberations on this matter because he believed that I did not like Lloyd Ward and he did not want any perceptions of conflicts of interest to be part of the Ethics Committee deliberations. I stated that I had no personal issue with Lloyd but did, of course, not like what I considered his violations of the USOC Ethics Code. I then agreed to recuse myself from further Ethics Committee deliberations and meetings, provided I was kept informed and that I would have an oppor-

tunity to review the committee's report and provide relevant facts to be considered by the committee. He agreed.

Subsequent to that date, I discovered additional documents which included:

1. A July 8th presentation cover letter to Lloyd Ward thanking him for taking the time to review and critique Energy Management Technologies planned presentation to the 2003 Pan American Games.
2. A copy of a 40-page presentation containing an organization chart listing Rubert Ward as President of Energy Management Technologies and what I believed to be proprietary photographs of athletes who competed in the Olympic Games in Sydney.
3. A fax cover sheet, dated September 10th and a, fax letter addressed to Dr. Puello, from Lorenzo Williams. CEO of Energy Management Technologies regarding a pricing proposal, dated September 8th.

I sent those documents to all committee members in a memo prior to their next meeting, which was scheduled to be held on December 19th but subsequently changed to December 23rd. I also sent my conclusions to Mr. Duberstein in advance of the scheduled call.

In summary, it was and is my conclusion based upon a review of all known documentation that Lloyd Ward misused his position as Chief Executive Officer of the United States Olympic Committee to facilitate potential financial gain for his brother and/or his friend, and in the process violated 4 provisions of the USOC Code of Ethics. Specifically he violated the following code requirements:

CODE REQUIREMENT: Protect information that belongs to the USOC, our donors, sponsors, suppliers and fellow workers.

- Mr. Ward was aware of, or should have been aware that the "Energy Management Technologies" presentation contained proprietary Olympic photographs of athletes engaged in competition at the Sydney Games, which may not be used for commercial purposes.
- Because the "Energy Management Technologies" business plan did not call for marketing microturbines to the Pan American Games. The note given to Hernando Madronero clearly indicates that this was, at least in part, an initiative undertaken as a result of information provided by Lloyd Ward to "Energy Management Technologies" which he acquired as a direct result of his position with the USOC.

CODE REQUIREMENT: Avoid conflicts of interest, both real and perceived.

- Lloyd Ward failed to disclose the business relationship with his brother, family friend, and another member of the Olympic family.

CODE REQUIREMENT: Never use USOC assets or information for personal gain.

- Lloyd Ward used USOC staff and the name of the USOC to facilitate a potential business relationship for his brother and friend with another National Organizing Committee which could have resulted in substantial financial gain for his brother and/or family friend.

CODE REQUIREMENT: Recognize that even the appearance of misconduct or impropriety can be very damaging to the reputation of the USOC and act accordingly.

- Lloyd Ward's knowledge, associations, and assistance to his brother and family friend in their attempt to engage in a business transaction with a member of the Olympic family presented the clear perception of a conflict of interest.

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

Mr. Ward, welcome.

STATEMENT OF LLOYD WARD, CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR, UNITED STATES OLYMPIC COMMITTEE

Mr. WARD. Mr. Chairman, distinguished Members of the Senate, I am here today to share with you some of my thoughts on the state of affairs in the USOC, obviously address the ethics issue and

controversy and, very importantly, I would like to answer your questions as you see fit.

First, let me address the ethics controversy and, as I address it, let me apologize to the athletes of America and to you that commissioned us. The fact that we are having this conversation and not a conversation on athletes and their performance is truly sad. But I will also tell you that in my contact with sponsors, my contact with friends and families of the Olympic movement since this controversy began, it has been clear to me that they understand the difference between athletes on the field of competition, between sweatsuits and performance of our grand athletes and that of blue suits and bureaucrats that support them.

We need to address the blue suits and the bureaucracy, and I will give you my thoughts on that as well.

First, the ethics issue. It is amazing to me that we sit here today focused on this issue. It is important that you understand the genesis of this issue. The genesis was in an idle conversation two months after I joined the USOC as CEO. In a casual conversation over a cocktail one evening, Mr. Madronero mentioned to my wife and I that the Pan American Games were going very slowly in preparation, and that they were having a significant problem with electricity and power to support the games. In fact, he indicated that it would be very unpleasant for our athletes to be in Santa Domingo with the weather conditions and the like. Not only would they not be able to provide air conditioning, but they would not have the electricity to power the fans.

I am a CEO. I have honed my skills to solve problems. As I listened to this, my wife made the comment, "isn't your brother doing something in that part of the world?" Mr. Madronero and I talked about that momentarily, and I said, "Hernando, remind me to followup on this with you when we get back to the office." Hernando and I both thought that this might be something that would be useful to pursue.

When we got back to the office, I made a very simple request of Hernando; "Would you please followup on it and handle it as you see fit—I want to be totally hands off and not involved."

Later, I received a business proposal which I forwarded to Hernando with a cover note and a handwritten note on it that said, "This is interesting and may help us with the Pan American Games. Please come to discuss." That was in April.

In July, a proposal arrived for a presentation that was going to occur in Santa Domingo. They sent it to Hernando Madronero and me. I forwarded my copy directly to Mr. Madronero.

Now, what is interesting to me is, I know that I have created an appearance of a conflict of interest. That was wrong, and for that I am sorry. I also know that to the extent that I did not note this on my annual ethics disclosure form, was also an error in judgment, but I want to be clear with you that this was in no way to serve any personal interest.

I had no financial stake in this and, in fact, other than the interactions that I just described to you, I had no further interactions with Hernando Madronero, no one in Santa Domingo, and no one on the staff. I allowed this to be handled by a staff member who

is a senior executive and so he could make full disposition on the matter and determine how to proceed.

Now, what failed me in this was my instincts. You can ask, how can an experienced CEO end up in this situation? Well, it is my instincts. You see, I was not as clear then as I am now that the USOC culture is a culture of "I gotcha, I gotcha." It is not a culture of working together to figure out how we navigate our way through the rocky shoals of all that we are faced with day in and day out. It is, I gotcha, and my instincts failed me, and so to the extent that I might have been walking off the edge of a cliff, I am used to someone saying, hey, you know, your next step you go off the edge of a cliff. I am not used to them building bleachers and selling tickets, and that, in my estimation, is what happened here.

Mr. Rodgers, if you are to believe him, only got knowledge of this in October. There is indication in there Fielding report that Mr. Rodgers was advised of this in April. There are also indications that our general counsel (Mr. Jeff Benz) was advised of this in April. Of course, Mr. Madronero was aware of this when I first made the request of him. At no point did anyone suggest that there was any danger, and because I felt that this was something that would serve athletes, and I had my hands totally off, I felt that Hernando could make the decisions and he could move forward as he saw fit. I never pressured him in any way.

So here we are, and this assertion that Mr. Rodgers is making today that somehow proprietary information of the USOC ended up in the presentation of EMT is absolutely false, in the sense that I provided no information and no perspective, and certainly no proprietary information to EMT whatsoever, and I resent the implication.

Now, having said that, this situation was reviewed thoroughly by a distinguished group of renowned individuals. They came to a unanimous conclusion, and after reviewing the facts their conclusion was, in fact, shared with the Executive Committee. They went through a process of evaluation and making a determination on its disposition.

That disposition is yet to come through an internal process, and I look forward to concluding this matter with that final result. I accept the report, and I will accept the disposition. This is a matter of critical importance to me, because my whole life has been about ethics. It has been about walking the talk and truly standing up for what I believe in, and this attack on me is something that has deeply saddened me.

Now, having said that, I have to soak it up and move forward, but I want you to understand that this in no way was anything that was self-serving for me or for my family or friends.

Next, I would like to talk to you about the leadership crisis in the USOC. The leadership crisis in the USOC today is manifest in two people, Marty Mankamyer and Lloyd Ward, and while we should take our full responsibility for whatever part we played in the situation we are in today, I would like to suggest to you that this does beg a bigger issue, as Senator Breaux was trying to define, and that is, this is an issue of ideologies and of culture. This is an issue of holding on to the practices of the past, or reaching to a better tomorrow. The USOC governance structure is not de-

signed for efficiency, effectiveness, and business operation. It is a structure with 123 board members and 23 Executive Committee members.

The board, in its inception, was not much of a barrier. In fact, Senator Stevens in the Amateur Sports Act of 1978 created a magnificent mission for the Olympics, to lead the world's best National Olympic Committee to help athletes achieve sustained competitive excellence while inspiring all Americans and preserving the Olympic ideal. That is magnificent, but what the act did not do is define the roles, the structures, and the levels of authority and power.

So what is missing? What is missing, in an organization that has a bloated bureaucracy in terms of governance, are organizational processes that clearly define roles, responsibilities, lines of authority, and who is responsible for what.

Now, you would think that grown people could figure that out, but what is underneath it is a culture. It is a culture which, in the 25 years since the commissioning of the Olympics under the Ted Stevens Amateur Sports Act, has had 12 CEO's and 9 presidents. Without exception, almost every administration had discord and disharmony along the way, and many of the presidents and CEO's left before their normal scheduled time.

This is not just an issue of today. This is an issue that has been ever present in the USOC. It is time for us to reach for a better tomorrow. We have to move beyond political agendas, personal self-interest, and we have to start to serve the greater good.

Did I make an error in judgment? Yes, but I did not create an unethical act.

Could I have been smarter about it? Yes, and I will be in the future, but this issue is much broader than that. This issue is about the future of our athletes and the future of this movement, and I am here to say that the organizational structure that we have today will not serve our athletes, it will not serve society, and it will not deliver on the mandate that you have provided us.

So let me move to my third point, and that is, what do we do going forward? I support Ms. Godino's recommendation, that we should appoint under your auspices a blue ribbon commission, which would look at a new architecture for the United States Olympic Committee—streamlined and focused. But we have to understand as we are moving from the sport of the Olympics to the business of the Olympics. In 1978 our budget was $50 million. Today, it is $500 million, a tenfold growth. Our governance structure has not kept up with the challenges and demands of being an Olympic business.

Our sponsors are saying that if you want us to continue to invest in you, you have to show us a return on our investment, and with 17 days of glory every other year, the Olympic games themselves are insufficient to produce this return. We have to create a new inventory of assets. We have to expand our reach into society. We have to have more contact points so that we create opportunities to advance and preserve the Olympic ideal and provide a return to those sponsors that invest in us.

We have challenges going forward, and I would like to say clearly that it is not the people. We have incredibly passionate and talented people on our staff, 500 strong, and if you think about the

ratio of board members to staff, it is 1 to 5. We have one director for every five staff persons. That is top heavy. These people come to work every day compassionate and committed to do whatever it is to serve and support our athletes to help them achieve their Olympic dreams.

We have thousands of people that volunteer their services beyond those that serve on our board every day to help us help our athletes achieve their Olympic dreams, and we have incredibly talented professionals that I think are at the starting gate and ready to run the race for a better tomorrow.

I encourage the Senate to intervene. I encourage Congress to establish a blue ribbon panel. It ought to include independent, knowledgeable resources that can take a look at the rearchitecture of the United States Olympic Committee.

Thank you.

The CHAIRMAN. Thank you very much.

Ms. Mankamyer.

STATEMENT OF MARTY MANKAMYER, PRESIDENT, UNITED STATES OLYMPIC COMMITTEE

Ms. MANKAMYER. Thank you, Mr. Chairman. Thank all of you Senators for having us here. Good afternoon, and thank you for giving me the opportunity to address the Committee concerning the issues we at the USOC are currently grappling with. As you may know, I am grateful and proud to serve the USOC as a volunteer since 1984, when I first became a member of the Games Preparation Committee.

I have lived in the Village in Martaplata, Argentina, I lived in the Village in Sydney, Australia. I know the athletes. I recognize——

The CHAIRMAN. Pull that microphone just a little bit closer.

Ms. MANKAMYER. I recognize what we should be doing for them, and that is why we need to be here, and to make some changes.

Beginning in 1990, I served on the USOC board and National Governing Body Council and was elected Vice President, Secretariat of the USOC. In August 2002, when I was elected president of the USOC, I made it clear that I was elected for nothing, and I was interested in nothing more than serving for the remainder of the present quadrennial, which ends after the 2004 Athens Olympics. I have no political agenda and would not run for reelection.

Throughout my career, one of my particular focuses has been on making sure that the doors are open for women to participate in sports. The present circumstances are a great disappointment to me and, indeed, I find them, after my 20 years of volunteer work, heartbreaking.

As you know, substantial controversy resulted from an investigation into the conduct of USOC's chief executive officer, Lloyd Ward. I am not here to discuss the merits of that inquiry. Instead, I am here to discuss why that inquiry resulted in so much public controversy, much of it targeted at me. Simply put, I do not understand why I have been the target of such attacks. In my view, in any organization, but especially in the case of a public organization dedicated to serving amateur athletes, any alleged conflict of inter-

est should be reviewed with the greatest care, otherwise the athletes and the public will lose faith in the organization.

I did not want another Salt Lake, and by the way, it was I who put the ethics component review for future officers in our process before I was elected, and I hope it always stays there, but it was important to me that we have all future leaders vetted by the ethics process.

At the Executive Committee meeting on January 13, Vice President Paul George referred to our Ethics Oversight Committee as a blue ribbon panel. I agree. Here, we had an ethical issue important enough to eventually cause the protest resignations of three members of this blue ribbon panel. The USOC ethics compliance officer, and a valued and respected member of the Executive Committee. I merely expressed my conviction that an issue causing such resignations warranted more thorough review. As a result, I became embroiled in controversy and became the subject of public attacks. That does not make sense to me.

How can it be wrong, or contrary to the interest of the USOC and the athletes it serves, to suggest that a more thorough and careful review of an ethics issue is appropriate, particularly where I have the responsibility to maintain public confidence in the USOC? In such circumstances, shouldn't the USOC take a harder look, if for no other reason than to restore the confidence of the athletes and the public and the sponsors that support them? That and nothing more is what I have advocated, and I have nevertheless been subjected to personal attacks from a small faction of the Executive Committee.

Let me be clear, I did not leak information about the inquiry to the press. Although I believe strongly that greater transparency is necessary to restore public confidence in our organization, I take seriously the USOC's longstanding policy designed to prevent improper leaks to the press, and did not engage in such behavior. Any allegation to the contrary is simply false.

Most important, although I am disappointed by these attacks, I believe they and the present controversy serve a greater purpose, a focus on the governance of the USOC. In my view, many of the recommendations of the President's Commission on Olympic Sports, if they had been implemented, that would have made a much better situation.

It is true, as all of us have opined, that 123-member board of directors is too large. So, too, is a 21-member Executive Committee. Such an organizational change, and you have heard it throughout, would lead to more efficient decisionmaking and increased accountability. At the same time, conflicting and confusing organizational rules must be changed, such as the fact that the USOC president is responsible for the management of key international and governmental relationships, whole the CEO is responsible for hiring and firing the staff personnel assigned to that effort.

The changes I advocate, and others that should be considered by a reviewing body, would also make us better, continuing to provide support to our National Governing Bodies and to our constituent members, at examining and monitoring our budget and administrative overhead to ensure our organization is providing maximum

deliverables with minimum cost, and at assuring our sponsors that their investment and trust in us is warranted.

Last, and as I previously noted, I believe it is imperative that we introduce greater transparency into our processes as a means of restoring public confidence in the integrity of the organization and its ability to fulfill its primary mission of promoting amateur athletes to pursue their goals. Public scrutiny of the USOC should be encouraged and promoted in the organization's policies in the future, and let me say, by saying the volunteers are terribly important to the USOC, which depends on their extensive devotion of personal resources to help our athletes, I feel that behind the athletes, who must always come first, my most important constituency is the volunteers who put on the show.

It is my responsibility as president to lead the USOC, and in that capacity I am the most visible of all the thousands of volunteers who devote themselves to the organization. Sometimes that responsibility makes reasonable disagreement with different constituencies unavoidable. It is my goal to resolve those disagreements through a process of discussion and consensus that is designed to maximize the goals of the USOC and the athletes it serves. I am confident my efforts have been in the furtherance of that purpose. I look forward to resolving these issues, and to the work that remains.

And may I make just one other statement in response to one of Mr. Duberstein's, please, Mr. Chairman. Mr. Duberstein's recollection of a conversation and mine vary significantly. I know that I never said the word, disciplinary. I would not do that. I would not rejudge that committee's action, and as a matter of fact it was he who told me that they would not make a recommendation, and that I must give it to the Executive Committee.

Thank you.

[The prepared statement of Ms. Mankamyer follows:]

PREPARED STATEMENT MARTY MANKAMYER, PRESIDENT, UNITED STATES OLYMPIC COMMITTEE

Mr. Chairman and Members of the Committee:

Good afternoon and thank you for giving me the opportunity to address the Committee concerning the issues we at the USOC are currently grappling with. As you may know, I am grateful and proud to have served as a USOC volunteer since 1984, when I first became a member of the Games Preparation Committee. Beginning in 1990, I served on the USOC Board and National Governing Body Council, and in 2000 I was elected Vice-President—Secretariat of the USOC. In August 2002, when I was elected President of the USOC, I made it clear that I was interested in nothing more than serving for the remainder of the present quadrennial (which ends after the 2004 Athens Olympics) and would not run for re-election. Since I have no aspirations to future leadership positions in the USOC, I believe I am one of the very few people who are well-positioned to deal in an unbiased fashion with the difficult issues facing the USOC, and I am requesting that you, Senators, along with your colleagues in the House, work with the USOC to mandate the changes necessary to move the organization forward.

After almost twenty years of volunteering for the USOC, I am very concerned about its future, particularly in light of the disagreements and controversies that have caused us to be here today. Indeed, I recognize that for everyone who loves the Olympic Movement and amateur sports—as I do—the events of the past two weeks and the attendant press reports have been a great disappointment. You have asked, "What happened to bring us to where we are today?" I am here to try to answer that question.

I believe there are really three factors that are responsible. First, a situation arose requiring review by the Ethics Oversight Committee and a vote of the Execu-

tive Committee. *Second*, there were improper and continuous leaks of confidential information to the press about that ethics issue. Third, as must now be obvious to everyone, the governmental structure of the USOC must be re-examined and streamlined. I will address each of these three factors in turn.

I. The Ethics Issue.

As to the first factor (and as others have stated before this panel), substantial controversy has resulted from the decision by the USOC Executive Committee after its receipt and review of the report of the Ethics Oversight Committee, which was chaired by Mr. Ken Duberstein, concerning the conduct of the USOC's Chief Executive Officer, Lloyd Ward. The Executive Committee ultimately accepted and adopted the report of the Ethics Oversight Committee, which in turn initially concluded that there was only an "appearance of conflict of interest" on the part of Mr. Ward. As a result of that determination, three members of the Ethics Oversight Committee, a member of the USOC Executive Committee, and the USOC's Ethics Compliance Officer have resigned in protest. Subsequently, and without any formal action by the USOC Executive Committee, my critics have clarified their position at least to acknowledge a "technical violation" of the USOC Code of Ethics by Mr. Ward, even though the term "technical violation" is nowhere to be found in the USOC Code of Ethics.

I am not the person in the best position to speak to the Ethics Oversight Committee's process and how it worked in this instance. Needless to say, I believe that it is essential that the Ethics Oversight Committee itself be free from perceived or actual conflicts of interest. But it is not, and was not, my role to make substantive ethics determinations; and I played no part in the deliberative process concerning the issues before the Ethics Oversight Committee. Instead, my role consisted of only two peripheral activities.

First, at the request of Ethics Compliance Officer Pat Rodgers, and in my capacity as an *ex officio* member of the Committee (as President of USOC), I participated in one teleconference to determine whether resources should be allocated to retain outside counsel for the Committee. Although the decision was made to retain outside counsel, I did not take part in that decision or the deliberations that preceded it—I merely listened in on the call, as I was asked to do by Mr. Rodgers.

Much later, and only after the conclusion of the Committee's substantive deliberations, the Committee's chairman, Mr. Duberstein, informed me that although the Committee had arrived at certain findings, it would not make a recommendation. Although I did not fully appreciate this at the time, the USOC Bylaws do not permit the Committee to decline to make a recommendation. Specifically, Chapter XIX of the USOC Bylaws states that the Ethics Oversight Committee's "responsibilities shall be . . . to review and investigate such matters relating to ethical practice as it may deem appropriate *and to make recommendations resulting therefrom* . . . to the Executive Committee (if concerning the Chief Executive Officer . . .)." (Emphasis added).

Mr. Duberstein instead told me that in the absence of a recommendation by the Ethics Oversight Committee, a decision of the Executive Committee would be required. As a result, and pursuant to my responsibilities as President of the USOC, I then convened a special meeting of the Executive Committee to review the report of the Ethics Oversight Committee and issue a recommendation, as the Ethics Oversight Committee had failed to do. I recused myself from those deliberations, however, out of an excess of caution and due to concerns expressed by some committee members that past policy differences between Mr. Ward and me would make my involvement in the deliberations counterproductive.

The resolution announced by the Executive Committee on January 13th was inconclusive of the underlying issues, since it led to resignations by three members of the Ethics Oversight Committee, the USOC Ethics Compliance Officer and a member of the Executive Committee.

After I refused to resign as President of the USOC, I was publicly accused in a press conference by certain of my fellow officers of leaking information to the press, using the ethics review process to achieve political purposes, and operating the USOC in a way inconsistent with conducting a fair and reasonable review of Mr. Ward's conduct. It is my understanding that the press release making these accusations was at least in part prepared by outside counsel hired to represent the Executive Committee—of which I am the presiding officer—even though I was given no opportunity to participate in any way in the consideration of whether that press release was appropriate. Because that press release advanced the personal goals of seven members of the Committee but did not even attempt to represent the Committee as a whole, the payment of counsel from USOC funds seems to me no different than the appropriation of corporate assets for private purposes. It is perhaps

not surprising that I initially agreed to resign when confronted with such attacks. However, on reconsideration I decided that it was fundamentally improper for my critics (aided by legal counsel) to ask me to resign, when all I had done was to try to focus the organization on an issue of such a level of magnitude as to cause the protest resignations of so many fine people.

It seems to me that when an issue arises of the type that will cause honorable and capable individuals to resign in protest in wholesale fashion, it is plain that such an issue warrants the concern and focus of the USOC. Indeed, it is difficult for me to imagine any corporation—governmental or private—in which comparable resignations could occur but where it would not be thought important to look closely at the underlying causes. Although I have been criticized for articulating this point of view, I do not believe those criticisms are well-founded. In particular, I do not believe that my past policy disagreements with Mr. Ward should preclude me from fulfilling my responsibilities as USOC President by articulating this basic viewpoint. If that were to be the case, once the President has policy disagreements with any other senior officer, there are then important responsibilities the President can no longer execute. This cannot be correct, and no other organization to my knowledge functions this way.

What I was doing, and all that I was doing, was asking that an issue of this magnitude—which had caused such fundamental division—be reviewed with the greatest care. Especially given the controversy that the resignations have caused, and the failure of the Ethics Oversight Committee to fulfill its responsibilities under the USOC Bylaws, I believe it should be evident why it was in the USOC's best interests to engage in, and be perceived to have engaged in, the most careful and extensive review of the matter. Independent of the specific determinations in this case or my reactions to it, it is obvious that we have problems that remain unaddressed: An organization dedicated to the high ideals embodied by the Olympics and to the support of the extraordinary efforts of our athletes simply should not find itself required to devote so much of its time and energies to the resolution of such troubling issues.

II. Dissemination of Information to the Media.

As for the second factor that brings us here today, the dissemination of information to the press, I want to make three points. To begin with, I want to make absolutely clear that I did not leak information to the press.

Next, the USOC has a longstanding policy designed to prevent improper press leaks. Under that policy, the only spokespersons for the USOC are the President, the CEO and the Managing Director of USOC Media Relations and Programs. That policy should be enforced.

Finally, and perhaps most importantly, the Bylaws themselves require sensitive documents to be disseminated broadly prior to committee and board meetings. Right now, before the Executive Committee can meet to consider a report of the Ethics Oversight Committee, the USOC Bylaws require that "in order for the [Committee] to take action on a specific matter at a particular meeting, the agenda for such meeting must describe the matter with sufficient particularity and be accompanied by sufficient supporting materials (to the extent then available) as to afford the members of such body reasonable notice that it will be offered for consideration." Consistent with this and other Bylaws, I was required to disseminate to the 21-member Executive Committee a set of the documents considered by the Ethics Oversight Committee along with the meeting agenda.

Accordingly, the claim that I unnecessarily allowed information to be distributed is inaccurate. In particular, it has been charged that I attempted "to only present the most damaging information and to present it in a way that would encourage the Executive Committee and the public to prejudge Mr. Ward as unfit for continued employment before they ever had an opportunity to view a complete record of the facts and circumstances." This is simply not true. The materials I transmitted to the Executive Committee contained exactly the same documents that were considered by the Ethics Oversight Committee, with the single exception of a Dun & Bradstreet report, the accuracy of which could not be confirmed and which was therefore omitted.

This policy requiring broad dissemination of information obviously increases the chances that a leak will occur. Indeed, one could read the USOC Bylaws XIX to require that the entire 123-member USOC Board was responsible for considering the findings of the Ethics Oversight Committee. I chose to convene the Executive Committee in a special executive session, which not only avoided a sweeping distribution of information to 123 Board Members, but further contained it by avoiding the involvement of a relatively large number of staff members and advisors to the Committee in the deliberations. (As discussed in Section III below, I believe, for reasons

unrelated to issues of information dissemination, that USOC governance would benefit if the size of its governing bodies were reduced.)

Ultimately, however, it is not practical or desirable to try to avoid leaks by unduly restricting the flow of information within the USOC. The USOC's committees cannot govern unless they are able to make informed decisions. Especially given its public mission, the USOC should try hard to avoid leaks, but not at the expense of compromising either informed decision-making within the organization or informed public scrutiny of the organization's decisions.

III. Potential Improvements in Governance.

The last issue I would like to address is corporate governance. Although it is necessary to clarify the ethics review process and eliminate leaks to the press, the governance issues facing the USOC are clearly of equal or greater importance and present a potentially greater challenge.

The Federal Amateur Sports Act, authored by Senator Stevens, was based on the report of the President's Commission on Olympic Sports, a commission upon which Senator Stevens served. It is my view that the current problems of the USOC would have been significantly reduced if one major recommendation of the Commission had been implemented—that being its recommendation that the USOC Board of Directors be reduced to 15 persons. We need to make the USOC governance structure smaller and more efficient. A 123-member Board of Directors is simply too large. So too is a 21-member Executive Committee which, with the addition of special assistants, advisors and others, brings the size of any meeting to over 50 people. To place USOC governance in the hands of so many people is to make decision-making inefficient and place effective oversight at risk. Having fewer people be more directly responsible for the governance of the USOC will increase the accountability and level of involvement of each of them, while smaller deliberative bodies will be able to act more quickly and efficiently and to describe their deliberations and decisions more accurately. Reducing the number of people involved in oversight will also, to some extent, reduce the danger of improper leaks to the press by avoiding the need for unduly broad distributions of sensitive material.

Next, we need to make changes necessary to assure that organizational roles and responsibilities are clearly defined and adhered to. For example, the currently mandated organizational structure places the management of key international and governmental relationships under the control of the USOC President, where they should be placed, given the level of international experience typically possessed by those who hold that office, but the Chief Executive Officer is given conflicting responsibility for hiring and firing the staff personnel assigned to that effort. For example, Hernando Madronero, the Director of USOC International Relations, was terminated by Mr. Ward. (This issue also overlaps other issues considered today—before being terminated, Mr. Madronero received directions from Mr. Ward in connection with the conduct of Mr. Ward giving rise to the ethics issue that has led to the present controversy.) Such structural deficiencies, which result in confusion and conflict, are too commonplace at the USOC, and should be eliminated.

Changes such as these, I believe, would aid us in our primary mission, which is to do all we can to guarantee that our athletes are able to train and succeed in their quest to compete in and win medals in the Olympic, Pan American and Paralympic Games. These changes would also make us better at continuing to provide support to our National Governing Bodies and to our constituent members; at examining and monitoring our budget and administrative overhead to ensure our organization is providing maximum deliverables with minimum cost; and at assuring our sponsors that their investments and trust in us is warranted. These objectives are clearly more important to us than ever, given that Forbes Magazine recently identified the USOC as one of a number of nonprofits it "recommends avoiding—or at least taking a very close look at," because its fundraising efficiency falls below 70 percent. This is of great concern to us, as it must be to you. Of course, we must also strive to better service our existing sponsor contracts and maximize our opportunities to renew them; and to seek new sources of revenue, particularly in the donor giving area.

Lastly, as an element of the revisions needed to the corporate governance structure of the USOC, I believe it is imperative that we introduce greater transparency into our processes as a means of restoring public confidence in the integrity of the organization and its ability to fulfill its primary mission of promoting amateur athletes pursue their goals. While in the recent controversy the premature dissemination of information to the press contributed greatly to the controversies that sparked this hearing, public scrutiny of the USOC should be encouraged and promoted in the organization's policies in the future.

Again, I share the view of those who criticize these leaks as counterproductive to the deliberative process in this matter. The USOC's committees must be able to deliberate in private and must be able to create certain documents that are not properly disseminated to the media. However, as noted above, apart from enforcing the rules against leaks, there is a limit to how far it is possible to go to stop them, without potentially compromising other important goals. (Reducing the size of governing committees, which has other important governance benefits, may incidentally also help reduce leaks.) The present controversies unavoidably erode public confidence in the USOC, which harms our athletes—the exact opposite of what the USOC is established to do. Adequate public awareness of the ethical oversight process of this organization is an important element of restoring faith in the USOC.

Let me close by saying that volunteers are terribly important to the USOC, which depends upon their extensive devotion of personal resources to help our athletes. I feel that behind the athletes—who must always come first—my most important constituency is the volunteers who put on the show. It is my responsibility as President to lead the USOC, and in that capacity I am the most visible of all of the thousands of volunteers who devote themselves to the organization. Sometimes that responsibility makes reasonable disagreements with different constituencies unavoidable; it is my goal to resolve those disagreements through a process of discussion and consensus that is designed to maximize the goals of the USOC and the athletes it serves. I am confident that my efforts have been in furtherance of that purpose. I look forward to resolving these issues and to the work that remains.

Once again, I appreciate the opportunity to discuss with this Committee the issues we at the USOC are struggling with. With the guidance and support of Congress and the American people, and a redoubled effort to address the governance issues that confront the USOC, I am sure we can make the organization one of which all of us—athletes, volunteers and all Americans—can be proud.

The CHAIRMAN. Thank you very much.

Ms. Godino, in your statement you said that it is simply not true that Mr. Ward was cleared of wrongdoing. Mr. Ward was not cleared of wrongdoing. The Compensation Committee was directed to handle disciplinary action for Mr. Ward through his performance review. Does the Compensation Committee have any disciplinary powers besides cutting somebody's pay?

Ms. GODINO. I believe that would be the disciplinary action.

The CHAIRMAN. So by referring it to the Compensation Committee you basically decided that the punishment would entail something monetary and not a formal censure, or expulsion, or anything else, is that right?

Ms. GODINO. It is accurate that the Compensation Committee, the intention for referring it to the Compensation Committee to enact the penalty was for there to be financial punishment, yes.

The CHAIRMAN. And none other?

Ms. GODINO. No. By accepting the report, I think it also, at least to my thinking, is that it was also an acceptance of the report, which said that there were violations of the code of ethics.

The CHAIRMAN. But there was no further penalty besides some compensation penalties?

Ms. GODINO. Correct.

The CHAIRMAN. Why do you suggest Ms. Mankamyer resign, and who else shares your views?

Ms. GODINO. The request for her to resign—I will answer the second part first—was made by the five USOC vice presidents, the chair of the National Governing Bodies, and myself.

The CHAIRMAN. Which is basically all of them, right?

Ms. GODINO. I am sorry.

The CHAIRMAN. That is a very significant portion of the governing body?

Ms. GODINO. I think that's accurate, because of her conduct leading up to the January 13 meeting, and her handling of this matter.

The CHAIRMAN. Her conduct was?

Ms. GODINO. I am going to read from my statement, if that is OK with you. Her control of her calling Executive Committee meetings, setting of Executive Committee agendas, and identifying materials to be disseminated to the members of the Executive Committee were such that it made it more difficult to conduct a fair and reasonable review of Mr. Ward's conduct.

The CHAIRMAN. Well, I guess I would ask you to elaborate a little bit. To seek someone's removal from office, their handling of meetings and communications——

Ms. GODINO. Well, I think the officers believed—I believe that you have a copy of the materials that were mailed to the Executive Committee in advance of the January 13 meeting, which did not include the Ethics Oversight Committee report, which certainly was a central issue, and instead included a number of documents that suggested that Mr. Ward had done something perhaps even greater than what the Ethics Oversight Committee report ultimately found. It is my belief the Ethics Oversight Committee perhaps should have directed the entire referral of the matter to the Executive Committee.

Also I think Ms. Mankamyer's involvement is alluded to in the Ethics Oversight Committee report when it discusses an abusive process, and talks about *ex officio* members, of which there is only one, to not participate in Ethics Oversight Committee discussions.

The CHAIRMAN. Mr. Rodgers, as chief ethics compliance officer, did you fail to act on your knowledge of Mr. Ward's conduct when it was brought to your attention by Mr. Madronero in April 2002, and again when Mr. Ward signed his conflict of interest disclosure form?

Mr. RODGERS. I absolutely failed to act in April because the two documents that I had in April was a letter from Lloyd Ward's brother and the chief executive officer of this company called Energy Management Technologies requesting that Lloyd invest $150,000 to help their company continue operations.

I also reviewed at that time—the only other document I had was a business plan from the company. I submit to you that neither that letter nor that business plan said anything whatsoever about doing any business with the Olympic Committee or the Olympic family or any of our sponsors. It was simply a letter asking for an investment and an accompanying business plan. I did not receive the cover note that is referred to until October, and once I saw that cover note, which said come see me, this might be of interest, in Santa Domingo, which, of course, was 180 degrees different from what the business plan suggested, that got my attention.

The CHAIRMAN. Are you responsible for the language of the disclosure forms?

Mr. RODGERS. I am.

The CHAIRMAN. Why is it that in 2001 it said, "an employee's personal financial relationships have the ability to influence or be perceived to influence the objectivity of the decisions when representing or conducting business for or on behalf of the USOC" was changed to, "a conflict of interest exists when a volunteer or em-

ployee's outside activities or interests interfere with his or her job responsibilities, or the interest of the USOC?" Words have meaning.

Mr. RODGERS. There is a section in both of those which specifically referred to doing business with the Olympic family, and there is a different form for staff.

The CHAIRMAN. Why did you change the language, Mr. Rodgers?

Mr. RODGERS. The Ethics Committee changed the language.

The CHAIRMAN. I just asked who was responsible, and you said you were. I asked if you were responsible for the language.

Mr. RODGERS. I absolutely was, yes.

The CHAIRMAN. Why was it changed?

Mr. RODGERS. There was no intent to change it, other than make it what I thought was clearer.

The CHAIRMAN. It is a significant change in language, Mr. Rodgers. I thank you.

Mr. Ward, I have before me a handwritten letter from you. "This is an interesting proposal. It could be beneficial for the 2003 Pan Am Games. Let's discuss. Come see me this week, or today."

Then there's a letter to you from Mr. Williams and Rubert Ward that says, "Dear Lloyd, thank you for taking the time to review and to critique the document, as we recognize the value of your time," then the letter goes on to say, "you know, Lloyd, Rubert and I have been pursuing this opportunity for quite sometime. We've done so because we firmly believe that this project has the makings of a sure winner, a definite market need opportunity, and an enormous potential to make a great deal of money."

Then we have another letter dated July 8, 2002. The bottom paragraph says, "therefore, we would be extremely appreciative of any direction, candid thoughts, actually we expect that from you anyway, and suggestions, up to and including a complete new approach to our presentation that you may have."

So clearly, correspondence went back and forth between you and the EMT people which, frankly, is a little more than what it appears you have portrayed to this committee. Please respond.

Mr. WARD. Yes. I think you have to give some consideration, or I would ask you to give some consideration to the fact that oftentimes, when a person in a family achieves a level of success, there are many requests that are made of that individual, and I have many, many requests that are made of me all the time, as I am sure you can imagine. And there is a level of, let me call it hyperbole that comes with people in terms of their view of what you say and what you do, and most of it, quite frankly, is to encourage you to do things.

I will tell you this, Senator, that the only conversations that I had were conversations and interactions that I described to you, and beyond that I did not critique their business plan, I did not provide information to the business plan, and I did not have any conversations with Mr. Williams on the proposal, or his interest in Santa Domingo.

I did have a conversation with my brother, Rubert Ward, but I did not have conversations with Mr. Williams.

The CHAIRMAN. Ms. Mankamyer, finally, and I appreciate the forbearance of my colleagues, Mr. Ward claims that his computer

calendar was accessed without his authorization, including by your secretary, on multiple occasions. Is that true?

Ms. MANKAMYER. I do not know that, Senator.

The CHAIRMAN. You do not know that is true, but your secretary was fired, is that correct?

Ms. MANKAMYER. May I correct that, Senator?

The CHAIRMAN. Sure.

Ms. MANKAMYER. She was the chief of staff for the former president, Sandy Baldwin. When Sandy resigned, Mary Kay Parsons remained in Arizona and offered her services to me in the same capacity but on a long distance basis, and I was basically contemplating whether that would work, but I felt the cost was higher than it should be, and I was just allowing her to help on international letters, et cetera.

I was called to Mr. Ward's office with Mr. Benz, and they told me that there had been a security breach, and I did not understand what it was about, and they finally said, someone accessed Mr. Ward's calendar, did you do it, and you would have to know me, I'm the worst person on a computer in the world. I could never do that.

The CHAIRMAN. The question is your secretary, Ms. Mankamyer.

Ms. MANKAMYER. I understand that. She did say she did that. She was not my secretary per se, she was a USOC employee, and she was fired, I understand, for lying for an hour, 22-year employee with an exemplary record.

The CHAIRMAN. Senator Campbell.

Senator CAMPBELL. Thank you, Mr. Chairman. Well, a couple of questions. It is pretty clear that Mr. Mankamyer and Mr. Ward are the center of this whole swirl, right or wrong. A lot of things have gone under the bridge, a lot of accusations, people sort of lined up on one side or the other.

I am interested in knowing from them—now, you said, Ms. Mankamyer, you do not intend to run again. Is that correct?

Ms. MANKAMYER. That is true.

Senator CAMPBELL. I am interested in knowing how you expect to continue on the job for the remainder of your term. or for the remainder of your employment, Mr. Ward, when we are trying to focus on the Athens games when all this bad karma is going on among members of the hierarchy.

Ms. MANKAMYER. I actually have been contemplating a plan. The officers, some of whom have not been as engaged in the governance as they might have been, and which is wonderful, got quite involved with this process, and in so doing I actually came to the Executive Committee meeting in Denver on January 13 with an idea of dividing up business units among the officers and having a full team effect with relating to the staff and the high level staff, and hoping to work forward on a more seamless basis of governance, so that would be my plan, sir.

Senator CAMPBELL. Mr. Ward.

Mr. WARD. Senator, I came to the Olympic movement because I believe in it, and while I have never been an Olympian like you on the field of competition, I feel I have been an Olympian in life. I used sport to get an education, I used education to better myself

in life, and every step along the way I have tried to do the right thing.

I came here because I believed I had something to offer. I came here because I believed I could make a difference, and I think in my short tenure we are making a difference. We are ahead of our sponsorship renewals by a significant margin. At this time in the previous quad we have $50 million that are committed to our go-forward strategy for renewals. This time in the last quad we had one deal for $2.5 million.

Senator CAMPBELL. Let me ask you something about sponsors, since you did bring that up. According to David D'Alessandro of John Hancock, I read in one report that he said anyone who writes a check to the U.S. Olympic Committee now is crazy, or something to that effect.

In the USOC, I also noted with interest Forbes recently did a report analyzing the efficiency of fundraising, and out of 200 different charities that they analyzed the bottom three included United States Olympic Committee, which tells me, at least it suggests it is a very top heavy organization, and perhaps too many people have too many expense accounts and credit cards and cars, and whatever, because they have only something like a 65-percent efficiency rating according to Forbes, when the average is 85 and some as high as 95.

Who specifically in the chain of command is the person responsible for the fundraising?

Mr. WARD. In the chain of command we would have a chief development officer that would report to me. That chief development officer has moved on to other responsibilities in another company.

Senator CAMPBELL. And have you been aware of the efficiency rating of the USOC is that bad, that low?

Mr. WARD. I am very aware of that. That report is a report of the USOC fundraising efficiency from data from the 2001 calendar year, and it does not accurately represent the USOC. USOC is very different in its fundraising efforts. Most of the companies or organizations that the USOC was compared with were companies that raised the predominance of their money through fundraising. The USOC raises 80 percent of its fundraising through sponsors. Our revenue comes primarily from sponsors. Therefore, it is more of a business proposition.

Now, having said that, I understand your point very well, and we have to get better in our fundraising efficiency. We will continue to drive our business results by helping sponsors get a return on their investment, and Mr. David D'Alessandro, who as you know is a very valued sponsor of the Olympic family, has been very outspoken in this regard. I have been in contact with him, and he and I are working a plan to satisfy his request and his needs.

In addition, I plan to open up that communication with all of our sponsors and have regular interactions with them to give them much more visibility into the inner workings of the USOC.

Senator CAMPBELL. Well, when you talk about the return on their investment, I do not know for sure because I have not spoken with all the sponsors, but I have a hunch that the biggest return on the investment of the sponsors would be reading in the headlines about the two youngsters Ms. Godino mentioned about quali-

fying for the Athens games, and not reading about you, or any of you for that matter, in a tussle on the front page of the paper, but I can guarantee what the headlines will be tomorrow. It is not going to be about those two kids that made the team in Athens. It is going to be about the discord among the officials of the USOC. That is what is tragic, and that is the loss to the sponsors.

Mr. WARD. That is tragic, and it is a loss to the American people and it is a loss to the athletes themselves, and I am with you, I am fed up with it as well. We have to choose a better way. We have to reach for a better tomorrow, and as one of our sponsors said in recent discussions with me, the issue for us is to stay out of the newspapers with the people in blue suits, with the bureaucrats and the administrators. We should be talking about our athletes, not about this movement, and not about me.

This movement is not about me, this movement is not about Ms. Mankamyer. This movement is about our athletes, and I want reform in this movement, and I encourage Congress to help with that.

Senator CAMPBELL. Mr. Ward, we are going to help you with that, with Senator McCain's leadership and Senator Stevens. I can tell you, if the Olympic house cannot be cleaned up, Congress will be cleaning it up.

Mr. WARD. If there is one other point I could make on that, actually there were several attempts historically for the USOC to address its governance structure, and we have not had the political will to get it done. It is better to be able to change from within. We have not had that will, and we will need some outside intervention.

Senator CAMPBELL. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Wyden.

Senator WYDEN. Thank you, Mr. Chairman.

Ms. Godino, on this question of punishment for Mr. Ward's ethical violations, your group of vice presidents is basically punting on the issue, which to me sends a lousy ethical message, but what I would like to do is to have you, since you are here, just give us your personal opinion about what you think would be a sanction that is commensurate with these serious ethical violations.

Ms. GODINO. Well, as I stated in my both written and oral testimony, I think the entire Executive Committee, the 18 to 3 vote, 18 members of the Executive Committee believe that that sanction was appropriate based on the report that we have. So based on the Ethics Oversight Committee report that the appearance of the conflict of interest, and that the failure to make the written disclosure, along with considering the entire rest of the Ethics Oversight Committee report and the notes by Mr. Fielding, that that was the appropriate sanction.

Senator WYDEN. I am not going to belabor this, but I think that sends a message that this is no big deal, and I think that is very unfortunate.

Mr. Ward, a question for you. You said in a statement, and I very much agree with——

The CHAIRMAN. Excuse me. Maybe Ms. Godino wanted to respond.

Ms. GODINO. Thank you, Mr. Chairman.

Most certainly not the message that we intended to send, and I have been frustrated at the continuing press reports that suggest that Mr. Ward was cleared of wrongdoing, or that there was no punishment. I do not believe that that is what occurred, and I do not believe that is the message the Ethics Committee intended to send. Ethics are incredibly important, and particularly as an athlete, that is something that we must have, the highest ethical standards.

Senator WYDEN. Again, the reason I asked the question this afternoon, I just wanted to give you a chance to state what you thought personally would be an appropriate penalty, and again I will just offer my opinion that that does not send much of a message and does not indicate that it is a priority. I personally think that is unfortunate.

Mr. Ward, if I might, you said life was about standing up for what you believe in, and that is something I very much agree with, and I wanted to ask you along those lines whether, as of now, you belong to the Augusta National Golf Club?

Mr. WARD. Yes, I do, Senator.

Senator WYDEN. I am sure you are aware of their policy with respect to women, and specifically the United States Olympic Committee, and I will quote here, is set up to encourage and provide assistance to amateur athletic activities for women.

My question to you is, do you think your membership in the Augusta National Golf Club is consistent with one of the major purposes of the United States Olympic Committee?

Mr. WARD. Senator, I would say this, that (1) my record and my stance on inclusion and fighting for equal participation for minorities, gender equity and the like, speaks for itself from my 32 years in the professional world, and I will stand on that record.

Point 2, I am a proud member of Augusta. It is a great golfing institution, and part of the heritage of the great Bobby Jones, but point 3, and I think the most important point, is that those that would want me to resign from Augusta see the world very differently than I do. They see my membership in Augusta as a privilege, and let me tell you how I, as a minority, see my membership in Augusta. I see it as a responsibility. You see, I have been first in my life in many things, not because I am special, but because the world has tended to deny opportunities to some and provide it to others. And, I have been fortunate to be one in which opportunity has been provided. And, when that door has had a slight crack for me I have always taken that as a responsibility to open the door wider for those that might follow.

And so while your sensibility and others might be, that you would show your displeasure by resigning, that is not my sensibility. My sensibility is to take the responsibility to try to open the door wider for those that would follow, and that is why I am still a member of Augusta.

Senator WYDEN. I understand. This afternoon I have not suggested anything about resigning. I just wanted to get on the record specifically how you felt that was compatible with the United States Olympic Committee. You have stated your answer.

Mr. WARD. And the backdrop, Senator, of your question, and you did not ask it, and I certainly appreciate that clarification; but in

fact, we had a detailed discussion in the United States Olympic Committee about that very issue, so I wanted to clarify my position.

Senator WYDEN. That is certainly fair enough.

Mr. Rodgers, a question for you, if I might. I would like to have you detail some more of your discussions with respect to Mr. Duberstein and the ethical questions. I think we batted this around several times over the course of the afternoon, and I am still not clear about exactly what kind of information was exchanged in those discussions, and would like to have you detail those at this time.

Mr. RODGERS. Thank you, Senator. The first discussions that I had with Mr. Duberstein concerning this issue actually occurred in August at the Hilton Hotel in Chicago. He and I had dinner prior to the Presidential election, and I went over with Mr. Duberstein most everything that was going on in my office, including the first two documents that I mentioned, the letter and the business plan, and the fact that there was nothing in either of those documents which in any way suggested any unethical conduct on the part of the CEO, and can agree.

Nothing then happened, period, until the day Mr. Madronero was let go. At lunch, Mr. Madronero was expressing disappointment about how he was treated when he was let go, walked off the campus, and also mentioned, after all I had done for his brother, and at that time I said, "What do you mean, after all you had done for his brother?" Mr. Madronero then said, "Well, he made a couple of appointments, no big deal, he basically just wanted to put it all behind him."

I then pressed him for any and all documents that he had. That is where the document signed by Mr. Ward came about, the document with a phone number on it, and then I applied that document, the cover document to these original two, and now I had an ethics issue.

I then reported it to Mr. Duberstein as an ethics issue about 11 October, and I followed it up with a phone call. His initial reaction after reading it was, well, it looks to me like this is a lot about nothing. I disagreed with him that it was a lot about nothing and said the full Ethics Committee needed to make that determination. He agreed to that.

I sent those same materials to the full Ethics Committee. The Ethics Committee met and concluded that it was necessary—and this was my recommendation—that we get outside counsel to look into the facts and circumstances surrounding it. Outside counsel was determined to be Mr. Fielding. Mr. Fielding was to do interviews and then report back to the committee before he proceeded further, and he was to initially interview Mr. Ward and to look into the financial background as to whether or not Mr. Ward had financial interests in this company.

When Mr. Fielding then had his report ready, he, Mr. Duberstein and I were on the telephone in a preconference call, Mr. Fielding basically read his report and said he had concluded that Lloyd Ward was absolutely above board in everything he did, because Lloyd fully intended to disclose this matter should any business issue actually develop out of it.

I expressed an obvious reaction to that. I disagreed with him. From my perspective it never made a difference whether or not any business venture actually transpired.

He also made the statement Mr. Ward had no financial investment, and I said, "How did you determine that?", and he said, "Well, I asked him." My response was, "The last time somebody told me that, I asked them for a copy of their tax return." I mean, it is fair to say you do not know whether he had a financial investment, or that he said he did not, but it is not fair to say that he did not, because in fact we did not know that.

We got into that discussion, which overlapped into the regular call, to the point where when the regular call occurred with all of the members, we agreed, we being Mr. Duberstein, I and Mr. Fielding, that it would not be fair to continue the conversation until everybody from the Ethics Committee had a written report, so the call was brief. It was agreed that, in fact, there would be a written report, that report would to go the committee within 10 days, and then a conference call would resume.

Immediately following that call, Mr. Duberstein called me back and he said, "Look, I am telling you something between you and I, you need to find a way to make this go away." I do not care what Mr. Duberstein said, that is what he told me, and I said, "Ken, I am not going to find a way to make it go away."

By now we had a pretty good working relationship, and I thought he understood where I was coming from. He said, well, you think about it overnight and call me back the next day. I did call him back, and I said, "Ken, I am sure it is not a surprise to you, but I am not going to make this go away."

He said, "well, I think you are biased." Your biased was his response. "I think you do not like Lloyd Ward, and I do not want this committee used for political purposes, therefore I think you should recuse yourself."

I said, "I will recuse myself, Ken, provided I have an opportunity to read the report, whatever it is," and that my input goes to the full committee, and we agreed that I would recuse myself.

Subsequent to that date, I discovered additional documents in Mr. Madronero's office, the July 8 letter specifically, and the actual presentation. I forwarded those to Mr. Fielding and to Mr. Duberstein. To me, that added an additional problem because of the proprietary photographs, and to me there was clear evidence that there was something more to this proposal, other than what Mr. Ward has purported.

I also ran a D&B on this company, WestBank Holdings, and found that it was a company formed in 2001, had done $100 worth of business, it was listed as a financial services company, a 90-day late payment, and no work history for the CEO.

Well, I am just a normal, you know—one time I was called a dumb old infantryman. I guess I am, but I looked at it and I said, you know what, this does not seem to fit to me, that somebody who has had no experience at all on the record, at least, in this business whatsoever, puts together this kind of proposal and this kind of business plan, and if you will, yes, at that point I became absolutely convinced that Mr. Ward in fact helped him do that, because

he is the only one of that group, at least, based on the record, that would seem to have that kind of background and experience.

And particularly, he had direct knowledge of what went on in the Olympic movement. I mean, that knowledge came from the USOC. It did not come from reading a newspaper. He knew about the electrical problems and the power problems, and at that point I—of course, as I said, I had no further deliberations with the committee.

To continue, one of the things I was accused of was keeping the president informed. Well, of course I kept the president informed, because by policy, on matters related to the CEO, I report to the president, and the oversight committee, so the president was kept fully informed of all those actions.

The next thing that happened, of course, was—I never, by the way, had another conversation with Ken Duberstein, so I was not kept informed. I never saw the report, so I cannot sit here and say that the Ethics Committee in fact had all the information. Clearly, I felt they should have had at least my take on the issue. I am not a voting member of the committee, but I think I have enough experience in this field to have at least offered an opinion, and they could have considered it.

The next thing that happened was, I was sitting in Hawaii and reading the newspaper, headlines like, *I have been exonerated,* there was no wrongdoing found of Mr. Ward, and I quite frankly turned to my wife and I said, I have to resign. I cannot continue to promote a code that the leadership of the organization simply turns a blind eye to. I cannot stand in front of the same employees that I spent the last year standing in front of doing ethics training and explaining all of this to them, and then say, it is OK for the CEO—I made the statement that if it is OK for the CEO, then I will go back and change all of the policies to say that all employees of the USOC from now on should invite in their friends, relatives, and anybody else they want to try to make whatever business connections they want, because the worst thing that happens is, you are going to be exonerated, or your salary may be reduced.

That is it.

Senator WYDEN. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Breaux.

Mr. WARD. Senator Breaux, may I ask the chairman a question?

Senator BREAUX. Sure. Go ahead. Do not use my time, though. [Laughter.]

Mr. WARD. Mr. Chairman, I was just trying to understand procedurally if there is any opportunity for me to comment.

The CHAIRMAN. If any witness wishes to speak, including yourself especially, Mr. Ward, in light of Mr. Rodgers' comments, please feel free to do so.

Mr. WARD. Thank you for that opportunity.

The CHAIRMAN. If any of the other witnesses at any time want to speak, please do so.

Mr. WARD. I was listening very carefully to Mr. Rodgers, and I was struck by his comments at the end when he was in Hawaii and reading the newspapers, and he was offended by the fact that evidently I said I was exonerated. I would like him to produce that news article, because I never said I was exonerated, and I have no knowledge of that being reported in the paper.

I did not feel like I was exonerated, but I do feel like it speaks to an issue with Mr. Rodgers. I think he has his own reasons to tell half-truths, misrepresentations, innuendos, and I think he is taking it to the extreme.

Mr. Rodgers is mounting his own personal vendetta, and he is misrepresenting facts, and he is drawing conclusions that no one else drew. He is not pleased with the process and the outcome and, quite frankly, he has his own reasons.

Mr. Rodgers got a very serious performance counseling session from me in September. Mr. Rodgers and I had a difficult interaction. He did not agree with the fact that I took exception to the fact that he was part of several people who were getting unauthorized access into my calendar, and instead of Mr. Rodgers advising me that there was an electronic glitch in my calendar and people were accessing it in an unauthorized way, he participated in that himself, and on two separate occasions he entered into my electronic calendar and viewed it, and he knew others were doing it as well, and I let him know that I thought that was a serious performance issue, and that he was violating the very code of ethics which he was there to uphold.

Mr. Madronero and Mr. Rodgers were very good friends, and Mr. Madronero had shared some of this information with Mr. Rodgers along the way. I find it interesting that Mr. Rodgers in October, when his friend is leaving the company under some level of duress, that Mr. Rodgers then starts to mount this campaign around an ethical violation.

I will say again that my involvement in this was purely to help our athletes, and what is truly inconsistent is somehow that I would risk all that I have done, all that I have worked to be, for this kind of charade, and Mr. Rodgers is just off base.

Thank you.

Senator BREAUX. Thank you, Mr. Chairman. I just hope that none of you at the table have to work with each other in the future.

[Laughter.]

Senator BREAUX. I tell you what, it is not going to be a pretty sight. Who fired Mr. Madronero?

Mr. WARD. I did. I did not fire Mr. Madronero. Let me clarify that. After counseling Mr. Madronero he decided to resign from the company, and I was agreeable to that.

Senator BREAUX. Mr. Rodgers, how did it come to pass that you had lunch with Mr. Madronero after he had been dismissed, or quit?

Mr. RODGERS. It came to pass that, in fact, it was prearranged, when—first of all, I did have a close working relationship with Mr. Madronero, as the managing director of international relations, because I made it my point to focus on that area, since it obviously was one of the major problems in the Salt Lake scandal.

It is not fair to say that we are friends. I never had dinner with the man, never, as somebody alleged, played golf with him. I have never done that.

Senator BREAUX. Did you call him for the lunch or did he call you?

Mr. RODGERS. He called me and he said, I am pretty sure that Lloyd is going to let me go on Monday because he told me to come

in and see him at 7. I said, OK, great, then let us have lunch. I did not mean great that he was being let go, but it is not unusual to have lunch with somebody when circumstances like that occur, and yes, I did like Mr. Madronero, but I did not socialize with him, so that is a mischaracterization.

Senator BREAUX. So at the luncheon you had with Mr. Madronero, after he had been told that he was being removed, did he just sort of bring up the fact, look, I have got some information you might like to see?

Mr. RODGERS. Well, it was a luncheon with Mr. Madronero and another person who was on his staff, and Mr. Madronero said that he did not particularly appreciate the fact that he was escorted off of the facility, not given an opportunity to go back to his office or say goodbye to anybody in his organization.

Senator BREAUX. Mr. Madronero was pretty mad at Mr. Ward?

Mr. RODGERS. Yes, he was, and he said, "and after all I did to help his brother." Those were his exact words, and my response was, "What do you mean, Hernando, after all you did to help his brother?" His response was, "It is nothing. It is no big deal. I really just want to go on, and I do not want to jeopardize any kind of settlement, or anything like that."

I then—yes, I took the initiative, and yes, I pressed him as to exactly what he meant by that statement, and that is when he told me he made some phone calls.

Senator BREAUX. Let me ask you at that point, did he say that Mr. Ward asked him to make those calls, or did he take it upon himself to do that?

Mr. RODGERS. He said Mr. Ward asked him to make those calls, and I reminded Mr. Madronero that when he first showed me the letter and the business plan in April, that I had asked him specifically at that time as to whether or not Mr. Ward had asked him to do anything, because there is nothing in those documents, but I did not just rest with my opinion. I went up and I talked to the general counsel, and he and I both looked over both of those documents, and we agreed there was nothing in there.

The general counsel, then, and I agreed that if the name of that company ever showed up as it related to doing business with the USOC we would want to know about it, because we needed to make sure that there would not be any conflicts of interest, but neither of us saw any conflicts of interest based on those first two, and in fact if we had known that it had anything to do with the Pan American Games, we would not have been putting out any information to the USOC about a USOC contract. We had no idea.

Senator BREAUX. Were there any communications in writing from Mr. Ward to Mr. Madronero asking him to take those steps?

Mr. RODGERS. That is what was—well, the note, "Come and see me," is what Mr. Madronero gave me in October. He also then told me he had a voice mail from Mr. Ward's brother, and I asked him at that point to transfer that voice mail to my phone. He did that from his apartment. I transcribed it the next day.

Senator BREAUX. There was nothing from Mr. Ward, other than a note saying, come see me?

Mr. RODGERS. And Mr. Madronero's statement that Mr. Ward asked him to make the call, and as far as I was concerned, the fact

that Mr. Madronero had received a voice mail from Rupert Ward confirming a meeting with Dr. Puello in Santa Domingo was confirmation that in fact Mr. Madronero made those calls, and that Mr. Ward's brother was having the meetings.

Senator BREAUX. Mr. Ward, why, in your opinion, would Mr. Madronero take it upon himself, without you asking him, to set up meetings for your brother with the people in the Dominican Republic?

Mr. WARD. I asked Mr. Madronero to review the proposal and make a determination as he saw fit. I did provide him the phone number of my brother, but prior to the proposal coming to me in April, because the first contact Mr. Madronero and I had on this matter was in January, where he mentioned the electrical shortage, power shortage in Santa Domingo. I had contacted him one time between January, when we first discussed it, and April, when the proposed business proposal came in. And, it was a phone conversation, I asked him if he had had any contact with my brother on the opportunity in Santa Domingo.

Mr. Madronero said he had not, and I said, "Well, OK, fine." The proposal came through. I passed it on to Mr. Madronero with a note that you have noted in the files, and in that my instructions to him were very specific. Mr. Madronero, "Hernando, please review this, make a determination around the viability of this. I want to be totally hands off of this. This is your call completely" (I had as specific a conversation with him as I am saying to you right now) "and it is yours to handle. I want my hands totally off this." And then Mr. Hernando went and did whatever he decided to do.

Senator BREAUX. Well, Mr. Chairman, I think that I take it there is another independent review of these actions, is that correct? Is there not another independent review being taken of this?

Mr. WARD. Senator Breaux, there was a senior member of the Executive Committee of the USOC that has recommended to the Executive Committee that we initiate an investigation of not only the ethics situation as it relates to my situation, but to the full ethics report.

Senator BREAUX. Has that been done?

Mr. WARD. It has not been put in action yet. It is under consideration in the Executive Committee.

Senator BREAUX. Why would you all even have to consider it?

Mr. WARD. We have not had an opportunity to address that issue with the other matters.

Senator BREAUX. Is there any doubt you are going to agree to do that?

Mr. WARD. I think the large majority is in support of that.

Senator BREAUX. I would highly recommend it. I mean, hopefully that would shed some additional light on all of these transactions about Mr. Ward and whether what he did is a violation or an appearance of a conflict, or what an appropriate penalty should be, but again, Mr. Chairman, it speaks to a larger problem here. I think really, to your credit, you are going to have to be involved in restructuring this operation. A 123-member board is absolutely ridiculous. You cannot manage that, and we have to, I think, make some structural changes in order to prevent this particular problem from ever occurring again.

Thank you very much.

The CHAIRMAN. Thank you.

Mr. RODGERS. Can I make a comment?

The CHAIRMAN. Yes.

Mr. RODGERS. First of all, I do have the newspaper article. I would be happy to provide it.

Second, I never received an adverse performance appraisal no matter what Mr. Ward may purport, and I would ask that he produce that.

Third, it is a matter of record when Mr. Duberstein received not one but three separate requests to complete his outside interest disclosure. The first one was sent in April, a followup one was sent in July, and the e-mail was a followup to that, aside from phone conversations I had with his assistant just before the end of the year. That is all a matter of record. I obviously encourage anybody to look, because I think the facts in this case will speak for themselves if looked at independently.

The CHAIRMAN. Thank you. Any additional information any of the witnesses think the committee needs, we will be glad to receive.

Ms. Mankamyer, I only have a couple more questions, and Senator Campbell has one. You have been very patient, and very cooperative, all of the witnesses have.

The *Washington Post* article dated January 26, 2003, states, "Seven high-ranking USOC officers, all members of the Executive Committee, claim that Mankamyer, a real estate broker, sought to defame Ward for months and attempted to manipulate the ethics process in an attempt to force him out." Is this true, number 1, but if it is not, which I would imagine you will say it is not, why would seven high-ranking members of the USOC make such claims?

Ms. MANKAMYER. The first answer, sir, is that I did not, and in any corporation, think that there is always, probably in this one more than anything else, the reason to have substantive differences of opinion. You have already identified how the organization works and, if I might, I could give you a couple of examples of where there are substantive differences.

The CHAIRMAN. To the point where your resignation would be demanded?

Ms. MANKAMYER. Senator, the world of sport is a very different place. Even though I would not stand for election another time, if I were removed, one of the seven would take my place.

Two things there. One, they believe that they were probably operating with as much information, and it is a group, I would say, that the board of directors elected me, not those seven, and that is absolutely true, and so I think that it was sort of a mob mentality, and to some extent there was an effort to discredit what I believe to be correct on the ethics issue. There was a difference of opinion.

The CHAIRMAN. Thank you.

Finally, Mr. Rodgers, the IT people and Mr. Ward just stated you accessed his computer a couple of times. Is that correct?

Mr. RODGERS. I am glad you asked that question, Senator. Yes, as a matter of fact, Mr. Ward's calendar was openly available to any employee at the USOC. I inquired one day as to whether or

not Mr. Ward happened to be around, because I was thinking about going to talk to him, and so he said, well, all you have got to do is look at his calendar, so I went down, called up the calendar, which every employee could do, and noticed that it was on there.

I may have done—he says twice. Maybe I did it one other time. Anybody can have their calendar on the agenda for the USOC. That is how you schedule meetings, appointments, and everything else, and I quite frankly saw nothing wrong with his calendar being on there, and following, about a month later, a number of employees came and complained to me because the general counsel and the director of human resources showed up at these relatively, in fact very low level employees' offices accusing them of unauthorized access to the CEO's calendar, when the CEO's calendar was online for everybody to see, and question their motives for access, et cetera.

I even wrote a memo back to these same individuals and said, if the CEO's calendar was erroneously put online by this assistant, then it seems to me appropriate to take it offline and to deal with whomever had it online, but do not deal with the employees who openly access something readily available to everybody, and therefore calling it unauthorized access was absolutely inappropriate, and I thought inappropriate to have a general counsel and the director of human resources show up at secretaries' offices, accusing them of unauthorized access. I just thought it was a total overreaction.

The CHAIRMAN. Mr. Ward, do you want to respond?

Mr. WARD. Yes, thank you.

The thing that has been very clear in the USOC prior to me, and certainly as a part of my time there, is that the CEO's calendar has been confidential. My calendar was not open as a normal course of events. In fact, my calendar has a lot of confidential information on it. Mr. Rodgers should be well aware of that fact. I know that in the executive offices it is very clear, and is common knowledge that the senior executives' calendars are not online.

There was an electronic glitch that allowed people to access it, and which a few people, including Mr. Rodgers, took advantage of during that period of time. After the glitch was closed down and that open access was no longer capable electronically, there are people that continued to try to get into the system and print out my calendar.

Mr. Rodgers on three separate occasions, and our records will validate that, went into my calendar, read only, and viewed my calendar. Mr. Rodgers and I had a conversation about this. I did refer to it as a performance concern. I did not have a writeup of that occasion, but he knows that we had this conversation, and it was an intense conversation between the two of us.

The CHAIRMAN. Senator Campbell.

Senator CAMPBELL. Thank you, Mr. Chairman.

I am interested in your response, Mr. Ward, to Senator Wyden's comments about your membership in the Augusta National Golf Club, and I certainly do not want to start an argument with you, but I want to tell you, because I am Indian on my dad's side, I am sometimes categorized around here as a person of color. When people ask me about it, I usually tell them I am an American who hap-

pens to be Indian on my dad's side, proud of it, but first I am an American.

I do not think that you are the only one who has had to scratch your way up. Most of the people in here know my background, which was in an orphanage as a kid, my dad drinking, in the slammer, my mother sick, all that, high school dropout, gangs, the whole damn thing that a lot of minority and mixed blood kids face.

I know what it is like to try to get ahead, but I will tell you this, I would not belong to any group that had a rule that said gays or women or people of color could not belong to it, and I just want that to be a matter of record. Sports, in my view, in a way saved my life. I was going the wrong way as a kid, and if I had not gotten into sports, I think I would have been in a different kind of institution now. As Senator McCain knows, I sometimes say, it would have had bars on it, not this kind of an institution. It was really sports that kind of gave me a lift and got me in the right direction.

But even though it helped me a lot, those of us who came up the hard way and had to scratch our way up, it seems to me that we have to try to set an example. I do not know what kind of an example you are setting. That is up to you. That is your decision. Certainly, I am not asking you to resign. That is your decision, too, but I just wanted you to know that, by golly, a lot of us believe that any organization that discriminates does not need me involved in it.

Thank you, Mr. Chairman.

Mr. WARD. Mr. Chairman, may I make a comment?

The CHAIRMAN. Yes.

Mr. WARD. Senator Campbell, thank you for that, and I certainly understand that reasonable people can look at the same situation differently, and for me it is a simple matter. The grandest occasion for me would be to play the first round in Augusta with a female member, and to know that in some way my choice, quite frankly, Senator Campbell, is not an easy choice—it is not an easy choice to have gone on record relative to my support of the inclusion of women. It is not easy to stand up for what you believe in, but all my life I have done that, and that has been my pathway, and I am not suggesting that is everyone's pathway.

If I did not believe in what I believe in, I would have walked away from the USOC. I would have—on most of the things that I faced in life. I have had to face them and make a very hard determination around the question, "is this worth it?"

The Olympics are worth it, and quite frankly, I do have a thought relative to moving forward. I think that it is important that the leaders of the USOC are leaders that the organization have confidence in and will follow, and I am wiling to stand at this moment and say that as a part of our internal process, if the Executive Committee and the board of directors call for my resignation from the United States Olympic Committee, I will know that I have done my absolute best to serve the athletes of this country and to deliver on your charter to us, and I will step down.

I think that that should be true for President Mankamyer as well. If they want one of us to go, if they want both of us to go, if they want either of us to go, I think that at this critical time, as we move forward within the purview and the oversight of Con-

gress, that we have the leadership in the USOC that our constituents believe in and are willing to follow, and if my stance on Augusta or if anything I have done to this point cause the constituents to lose confidence and faith in me as their leader, I will step down, sir, and I would suggest that that be true with any other leader in this movement.

Senator CAMPBELL. Mr. Chairman—and thank you for that response, Mr. Ward.

In closing, my last comments, in 1963, when we were forming for the Pan American Games team in Miami, we did not know it until we got to Miami that the hotel where all of the athletes were staying had a policy of not allowing the black athletes to be housed with the white athletes. As a body, we took a vote and declined our reservations and moved out. I do not know of a time when the Olympic Committee stood taller.

Thank you.

The CHAIRMAN. Well, thank the witnesses for your patience. It has been a long hearing and a very difficult——

Mr. RODGERS. Senator, can I make one final comment?

The CHAIRMAN. Please, Mr. Rodgers.

Mr. RODGERS. I just want to say that in the ethics business individuals who violate ethical standards historically blame everybody else, and I think this is an absolute classic case of, it is everybody else's fault, not Mr. Ward's.

Mr. WARD. Senator, I simply cannot let this hearing—it has been so honorable—end on that note. I have accepted responsibility for my actions, and I have paid very dearly. In the press, I have been defamed, my reputation has been, let us put it this way, at least called into question, and Mr. Rodgers has stepped over the line time and time again.

I am not here to cast a shadow on anyone else. I am here to accept my part in all of this, and I am telling you that I am willing to go forward, but we have a choice to make, and that choice is to reach for a better tomorrow, or hold onto the practices of the past, and if the choice is to hold on to the practices of the past, then it would be better that I resign, because my intent is to serve American athletes and deliver on your charter.

Thank you.

The CHAIRMAN. I want to thank the witnesses; this has been a very unhappy hearing for you, and it has been for those of us who sit here, because making these kinds of judgments is very difficult, and sometimes even perhaps inappropriate, but we do have our responsibilities as a committee, and I intend to exercise those responsibilities.

Our next hearing, with the participation of Senator Campbell and with the leadership of Senator Stevens, will be to try to come up with a way that the USOC can be reorganized to eliminate and hopefully prohibit this kind of situation from ever arising again.

I thank the witnesses. This hearing is adjourned.

[Whereupon, at 5:10 p.m., the Committee adjourned.]

A P P E N D I X

PREPARED STATEMENT OF HON. OLYMPIA J. SNOWE, U.S. SENATOR FROM MAINE

Thank you, Mr. Chairman. I've read with disappointment the accounts of recent conflicts and controversies that have come to light within the U.S. Olympic Committee and I appreciate your holding this hearing to discuss the state of the USOC as we consider how this organization might be streamlined and made more accountable.

The fact of the matter is, the U.S. Olympic Movement belongs to *all* of us. That is the entire rationale and *raison d'etre* of the Olympics—and it's why the USOC is a federally chartered corporation, thanks to the Amateur Sports Act authored by my good friend and distinguished colleague, Senator Stevens.

Indeed, the USOC describes *itself* as "the custodian of the U.S. Olympic Movement," and, "the moving force in support of sports in the United States that are the programs of the Olympic and Pan American Games." So there is no question that, as the "keepers of the flame", as it were, the USOC has a unique and very public responsibility.

That's all the more true when you consider what amateur sports and the Olympic Movement *means.* They are supposed to be the embodiment of integrity, good sportsmanship, and above all else, success based on merit and merit alone. Unfortunately, reports of the USOC's recent activity and behavior *seem,* at least, to fly in the face of all of those principles.

I'm also struck by the fact that, almost exactly a year ago, we were holding hearings in this very room to determine what had gone wrong at Enron. Now, I'm certainly not in any way comparing what happened at Enron with what's going on at the USOC. But I can't help but think that, with a year marked by a diminishment of trust in corporate America, how much *more* unfortunate it is that we now have a diminishment of trust in an institution whose *very purpose* is to promote and uphold the very *finest* ideals of honest competition.

We *do* expect a kind of purity in our amateur sports—even if that expectation may be idealistic. That is why we are here today—to try to determine exactly what's gone wrong . . . *why* it's gone wrong . . . and how we can *fix it.*

Because the erosion of confidence that results from the kind of conflicts we've recently seen also has very *tangible,* practical, effects. For one, it threatens the willingness of sponsors to continue to lend their money and their name to the U.S. Olympic movement. This support is essential to the success of the Movement—and the recent criticism from John Hancock Financial is emblematic of what happens when confidence is shaken.

It also has a dilatory effect on the USOC's standing within the International Olympic Committee. I'm certainly not going to sit here and say the IOC has always been free from controversy and ethics questions. But it would also be wrong to think that controversies such as the one that prompted this hearing particularly help America's standing, or our efforts to host the Games in the future.

So, once again, I applaud the Chairman for holding this hearing. During the process, I think it's vital we focus on two key issues—is the USOC's governing structure conducive to adequate oversight and efficient decisionmaking, and should there be greater accountability and transparency?

Certainly, the organization appears unwieldy just in terms of its shear numbers—123 members of the Board of Directors, 21 members of the Executive Committee. So we should look at paring those numbers down. Also, perhaps we should carefully examine the division of duties between the President and the CEO to determine if there are ways to reduce the potential for conflict. And perhaps it is time for a kind of "Inspector General" model at the USOC, or some other independent oversight at the USOC itself that can report back to Congress.

In closing, when thinking about the USOC's structure, I can't help of something Admiral Rickover once said, that "Unless you can point the finger at the man (and I would add, woman) who is responsible when something goes wrong, then you have never had anyone really responsible." Unfortunately, with a current structure at

USOC that reads less like a corporate flow chart and more like the cast of a Russian novel, you'd need a lot more than a score card to figure out where the problem really lies.

Thank you, Mr. Chairman.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. BARBARA BOXER TO LLOYD WARD

Question 1. What specific efforts have you made toward the goal of eliminating gender discrimination at Augusta?—What have been the concrete results?

Answer. I publicly stated my desire for Augusta National Golf Club to expand its membership to include women, first in April 2002, and again in October that same year. Beyond that, I have had conversations with Mr. Hootie Johnson and others stating my position and exploring pathways for progress.

Question 2. Do you plan to resign from Augusta National Golf Club if the Club does not open its doors to women?

Answer. I will resign from Augusta National if the Club does not open its doors to women.

Question 3. What is your timetable for resignation from the Augusta National Golf Club if your efforts to break down the gender barrier are unsuccessful?

Answer. I have no specific timetable. There is no question in my mind that women will be members of Augusta National. The only question is when. The chairman of Augusta National has stated the Club could very well have a women member one day. Today, women play Augusta National routinely and frequently.

Question 4. Do you believe that your continued membership in this club taints the USOC and the Olympic Movement, especially at a time when the USOC has been subject to heavy criticism on numerous fronts? Why or why not?

Answer. I do not believe that standing up for the equality of men and women taints the United States Olympic Committee or the Olympic Movement at all. However, this question weighs heavily on my mind.

I believe the stand I took in April 2002 (Attachment 1), expressing publicly that I stand against discrimination and support the inclusion of women in Augusta National, was the right thing to do.

I believe the public reinforcement of my position to Martha Burke in October 2002 (Attachment 2) was the right thing to do, not because I am CEO of the United States Olympic Committee, but because I believe in equal opportunity and full inclusion.

I have been, and will continue to be, a voice for inclusion for women, African Americans, and other minorities, both publicly and privately.

Attachment 1

April 11, 2002

Augusta Faces Push for Women

by Debbie Becker

U.S. Olympic Committee chief executive officer Lloyd Ward, one of Augusta National Golf Club's few African-American members, told USA TODAY on Wednesday he will ask club members to begin admitting women as members.

"I want to have influence from the inside," Ward said. "I want to talk to members of Augusta and say, quite frankly, that's simply not enough (admitting African-Americans). You've got to have a broader membership, and that includes women."

Augusta National is home of The Masters, one of golf's most prestigious tournaments. The 66th edition of the event begins today.

The club, which opened in 1932, allows women to play its course. There are no women among its invitation-only membership.

Asked at a news conference Wednesday if women are excluded from membership, Augusta National chairman Hootie Johnson said: "We have no exclusionary policies as far as our membership is concerned."

Asked what that means, he declined to elaborate.

Johnson said he had no comment when USA TODAY asked later about Ward's remarks.

USA TODAY interviewed Ward in the wake of a report in the May/June edition of Golf for Women about the exclusionary membership policies of Augusta National and the Royal & Ancient Golf Club of St. Andrews in Scotland. (The R&A runs the British Open.)

The report identified Ward as a member of Augusta National. The club does not release membership information.

Also, The Masters' corporate sponsors are coming under media pressure to raise the gender issue with Augusta National.

Ward, 53, was hired by the USOC in November. One of that organization's underlying principals is race and gender equality.

"Discrimination is evil, and we should not allow that," said Ward, a former chairman of Maytag Corp. who became a member of Augusta National two years ago. "I have not gone to Augusta and said, 'This is what you must do now.' . . . But as a member of Augusta, I believe that once you bring me in, this is what I advocate. Inclusion does not just mean people of color. It should be extended to that broader base that includes women."

USOC President Sandra Baldwin said she does not believe Ward should resign his Augusta National membership.

"I'm glad an African-American is a member at Augusta," Baldwin said. "It's absolutely better if he stays. Resigning in a huff never makes any sense. I, for one, want to make every effort to make sure women are admitted as well. We need to work to make the situation better for everyone."

Attachment 2

LLOYD D. WARD, CEO AND SECRETARY GENERAL
Colorado Springs, CO, October 7, 2002

Martha Burk, Ph.D.,
Chairperson,
National Council of Women's Organizations,
Washington, DC.

Dear Dr. Burk:

The United States Olympic Committee does, indeed, stand for inclusion at every level, and that philosophy is one of the basic principles of the Olympic movement; It stands on a platform that also includes fair play, sportsmanship and a level playing field for our athletes. The LTSOC embraces all persons who share that belief. It is also the cornerstone of my own values and ideals.

I am working with others who are members of Augusta National Golf Club who share the belief that the organization should include women in its membership ranks. It is my intent to aggressively work for that reform.

When I became a member of Augusta, I believed it was a breakthrough for minorities, and that I had helped to eliminate barriers for others in this regard. It was a message that this nation does offer the chance to set goals, achieve them, and open doors for others.

I am committed to breaking down barriers which exclude women from membership at Augusta in the weeks and months ahead.

Sincerely,

LLOYD D. WARD,
United States Olympic Committee

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