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NOMINATIONS OF: DAVID S. COHEN, DANIEL L. GLASER, TIMOTHY G. MASSAD, WANDA FELTON, AND SEAN ROBERT MULVANEY

HEARING

BEFORE THE

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS UNITED STATES SENATE

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

ON

NOMINATIONS OF:

DAVID S. COHEN, OF MARYLAND, TO BE UNDER SECRETARY FOR TERRORISM AND FINANCIAL CRIMES, DEPARTMENT OF THE TREASURY

DANIEL L. GLASER, OF THE DISTRICT OF COLUMBIA, TO BE ASSISTANT SECRETARY FOR TERRORIST FINANCING, DEPARTMENT OF THE TREASURY

TIMOTHY G. MASSAD, OF CONNECTICUT, TO BE ASSISTANT SECRETARY FOR FINANCIAL STABILITY, DEPARTMENT OF THE TREASURY

WANDA FELTON, OF NEW YORK, TO BE FIRST VICE PRESIDENT AND VICE CHAIR OF THE EXPORT-IMPORT BANK OF THE UNITED STATES

SEAN ROBERT MULVANEY, OF ILLINOIS, TO BE A MEMBER OF THE BOARD OF DIRECTORS FOR THE EXPORT-IMPORT BANK OF THE UNITED STATES

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C O N T E N T S

TUESDAY, MAY 3, 2011

	Page
Opening statement of Chairman Johnson	1
Opening statements, comments, or prepared statements of:	
Senator Shelby	3

WITNESSES

David S. Cohen, of Maryland, nominee for Under Secretary for Terrorism and Financial Crimes, Department of the Treasury	4
Prepared statement	26
Responses to written questions of:	
Chairman Johnson	31
Senator Shelby	33
Senator Schumer	34
Senator Brown	37
Senator Vitter	37
Senator Johanns	43
Senator Kirk	44
Daniel L. Glaser, of the District of Columbia, nominee for Assistant Secretary for Terrorist Financing, Department of the Treasury	6
Prepared statement	27
Responses to written questions of:	
Senator Shelby	54
Senator Brown	58
Senator Hagan	59
Timothy G. Massad, of Connecticut, nominee for Assistant Secretary for Financial Stability, Department of the Treasury	8
Prepared statement	28
Responses to written questions of:	
Chairman Johnson	59
Senator Shelby	62
Wanda Felton, of New York, nominee for First Vice President and Vice Chair, Export-Import Bank of the United States	9
Prepared statement	29
Responses to written questions of:	
Chairman Johnson	64
Senator Shelby	65
Senator Vitter	66
Sean Mulvaney, of Illinois, nominee for Member of the Board of Directors, Export-Import Bank of the United States	10
Prepared statement	29
Responses to written questions of:	
Chairman Johnson	73
Senator Shelby	74
Senator Vitter	75

NOMINATIONS OF:

DAVID S. COHEN, OF MARYLAND, TO BE UNDER SECRETARY FOR TERRORISM AND FINANCIAL CRIMES, DEPARTMENT OF THE TREASURY;

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TUESDAY, MAY 3, 2011

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

The Committee met at 10:06 a.m. in room SD–538, Dirksen Senate Office Building, Hon. Tim Johnson, Chairman of the Committee, presiding.

OPENING STATEMENT OF CHAIRMAN TIM JOHNSON

Chairman JOHNSON. Good morning. I call this hearing to order. Thanks to all of you for joining us here today, and a special thanks to our witnesses and their family members who are with us.

Before we begin, I want to take a moment to mention the devastation and the tragic loss of life in the wake of hundreds of tornadoes that broke out across the Southern United States last week. Ranking Member Shelby, I know your home town of Tuscaloosa was among the hardest hit, and I want to convey my condolences to all of those affected by these catastrophic events. I was also

pleased to see a quick, coordinated response from President Obama, FEMA, and a number of Cabinet Secretaries.

Today we consider five distinguished individuals nominated to serve in critical positions within the Obama administration. David Cohen and Daniel Glaser have both been nominated for key antiterrorism positions within the Department of the Treasury. As the President said in his address to the Nation on Sunday night, the death of Bin Laden marks the most significant achievement to date in our Nation's effort to defeat Al Qaeda. But his death does not mark the end of the effort. There is no doubt that Al Qaeda will continue to pursue attacks against us. We must and we will remain vigilant at home and abroad.

I wholeheartedly agree with the President. Mr. Cohen's and Mr. Glaser's nominations are critical to these ongoing efforts to protect our homeland. Mr. Cohen has been nominated to become the Under Secretary for Terrorism and Financial Crimes and is currently serving in the role in an acting capacity. Mr. Glaser has been nominated to become the Assistant Secretary for Terrorist Financing. Timothy Massad has been nominated to serve as Assistant Secretary for Financial Stability at the Treasury Department, a role he is currently fulfilling in an acting capacity. Wanda Felton and Sean Mulvaney have both been nominated for positions at the Export-Import Bank of the United States. Ms. Felton has been nominated to serve as the First Vice President and Vice Chair, and Mr. Mulvaney has been nominated to become a member of the Board. Let me say a brief word about each of these nominees.

David Cohen has had a long and distinguished career of public service in the public and private sector. Prior to serving as Acting Under Secretary for Terrorism and Financial Crimes, he was the Assistant Secretary for Terrorist Financing. He has also worked in the Treasury Department's Office of General Counsel and in the private sector with the law firm of Wilmer, Cutler, Pickering, Hale & and Dorr.

Daniel Glaser also has had an outstanding career at the Treasury Department. He currently serves as the Department's Deputy Assistant Secretary for Terrorist Financing and Financial Crimes. Prior to serving in this role, Mr. Glaser was the first Director of the Executive Office of Terrorist Financing and Financial Crimes established in 2003. Previously he served as the Senior Counsel for Financial Crimes in the Treasury Department's Office of General Counsel.

These nominees are providing key leadership in one of the Treasury Department's most critical offices. Since its creation, the Office of Terrorism and Financial Intelligence has played an even greater role in protecting our national security.

As the Acting Assistant Secretary for Financial Stability, Timothy Massad heads the Office of Financial Stability which administers the Troubled Asset Relief Program. Previously he served as the Chief Counsel for OFS, and before joining Treasury, Mr. Massad had a diverse corporate practice as a partner at Cravath, Swaine & Moore. As both a special legal adviser to the Congressional Oversight Panel for its first report on the TARP investments and in his current capacity, Mr. Massad has already demonstrated

his commitment to TARP transparency and maximizing taxpayer returns.

Wanda Felton and Sean Mulvaney have been nominated for positions at the Export-Import Bank and the Official Export Credit Agency of the United States.

Ms. Felton brings a varied and distinguished business record to the Ex-Im Bank. She currently owns and directs MAP Capital Advisors, a financial advisory firm. Prior to her work at MAP, Ms. Felton was the Managing Director at Helix Associates, a global placement agency for private equity funds. I note that this position would be a form of homecoming for Ms. Felton as she started her career with Ex-Im Bank as a loan officer.

Sean Mulvaney currently serves as the Director of the Economic Policy Program at the German Marshall Fund of the United States. Prior to this, he worked for the U.S. Agency for International Development, where he served until November 2008 as Assistant Administrator for Management, a Presidential appointment and Senate-confirmed position.

It is my sincere hope that the Senate can act quickly on all of these nominations, including Ms. Felton and Mr. Mulvaney, since two of the three remaining members of the Export-Import Bank's Board will conclude their terms this July. I look forward to hearing all of our nominees' testimonies.

I now turn to Senator Shelby for any opening remarks he may have. Senator Shelby.

STATEMENT OF SENATOR RICHARD C. SHELBY

Senator SHELBY. Thank you, Mr. Chairman. Today the Committee will consider several nominations.

David Cohen, as you have mentioned, has been nominated to served as Under Secretary of the Treasury for Terrorism and Financial Crimes. In this role Mr. Cohen will be responsible for shaping U.S. sanctions policy. Mr. Cohen will be succeeding Stuart Levey who has served in that position for the past 7 years. I believe it will be a challenge for Mr. Cohen to follow in Mr. Levey's footsteps, but I believe he is up to it. Nevertheless, he will need to refocus our efforts on the dangers that this country and its financial institutions face here at home, such as cash smuggling, sophisticated money laundering, and TARP-related fraud.

Daniel Glaser has been nominated to serve as Assistant Secretary of the Treasury for Terrorist Financing. He has been working at the Treasury Department on terrorism financing issues for nearly 7 years. He presently is Deputy Assistant Secretary for Terrorist Financing. If confirmed, his background will allow Mr. Glaser to hit the ground running.

Timothy Massad has been nominated to serve as Assistant Secretary for Financial Stability at the Department of Treasury. He has been working in the Office of Financial Stability for 2 years, currently as the Acting Assistant Secretary, and prior to this as Chief Counsel. This office was created in October 2008 to run the Troubled Asset Relief Program we call "TARP."

It is critical that the heads of these offices be committed to greater transparency and accountability for TARP here.

Finally, there are two nominations that the Chairman mentioned for the Board of Directors of the Export-Import Bank. The Bank is the official export credit agency of the United States. Wanda Felton has been nominated to serve, as he has mentioned, as First Vice President and Vice Chair of the Board of Directors; and Sean Mulvaney has been nominated to serve as a Board member. It is important that these Board positions are filled promptly to allow the Bank to operate effectively and fulfill its missions to assist both large and small companies export their goods and services to foreign markets. I think it is particularly important now to have a full Board as the Committee will be considering legislation to reauthorize the Bank this year.

I look forward to hearing from the nominees and working with Chairman Johnson so that we can move these nominations through the process as quickly as possible.

Chairman JOHNSON. Will the panel please rise and raise their right hand? Do you swear or affirm that the testimony that you are about to give us is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. COHEN. I do.

Mr. GLASER. I do.

Mr. MASSAD. I do.

Ms. FELTON. I do.

Mr. MULVANEY. I do.

Chairman JOHNSON. Do you agree to appear and testify before any duly constituted Committee of the Senate?

Mr. COHEN. I do.

Mr. GLASER. I do.

Mr. MASSAD. I do.

Ms. FELTON. I do.

Mr. MULVANEY. I do.

Chairman JOHNSON. You may sit down. Please be assured that your written statement will be part of the record, so if you could confine your remarks to 5 minutes, that would be greatly appreciated.

Please also note that the Members of this Committee may submit written questions to you for the record, and you should respond to these questions promptly in order that the Committee may proceed on your nomination.

I invite all the witnesses to introduce your family and friends in attendance before beginning your statements. Mr. Cohen.

STATEMENT OF DAVID S. COHEN, OF MARYLAND, TO BE UNDER SECRETARY FOR TERRORISM AND FINANCIAL CRIMES, DEPARTMENT OF THE TREASURY

Mr. COHEN. Thank you, Chairman Johnson. I would like to begin by introducing my wife, Susie Cohen, who is here with me today.

Chairman Johnson, Ranking Member Shelby, and distinguished Members of this Committee, thank you for the opportunity to appear before you today. It is an honor to be the nominee to serve as Under Secretary for Terrorism and Financial Crimes. I want to thank President Obama for the confidence he has shown in me by nominating me and Secretary Geithner for recommending me to serve in this position.

Having served for the past 2 years as the Assistant Secretary of Treasury for Terrorist Financing, I am keenly aware of the very significant responsibilities assigned to the Under Secretary for Terrorism and Financial Crimes, as well as the consequential contributions that the Under Secretary can make in advancing our Nation's security.

Illicit finance, in its many forms, is a threat to the integrity of our financial system, both domestically and internationally. Combating illicit finance not only protects our financial system from abuse by money launderers, terrorist financiers, weapons proliferators, and others engaged in financial crime, but it helps to advance our most critical foreign policy and national security objectives. The many tools that the Treasury Department can deploy—ranging from anti-money laundering regulatory oversight, to outreach to counterparts overseas, to deploying targeted financial measures focused on particular individuals and entities—play an integral role in responding to many of the challenges we face. Treasury's unique capacity to understand financial flows and the operation of the financial system, to analyze financial intelligence, to map financial and material support networks, and to take targeted, powerful actions are key to meeting these challenges.

I believe that my professional experience, particularly serving as Assistant Secretary for Terrorist Financing since May 2009, has prepared me well to undertake the responsibilities of Under Secretary.

As Assistant Secretary, I have had the opportunity to work very closely with the previous Under Secretary, participating in almost all aspects of the work of the Office of Terrorism and Financial Intelligence (TFI). This has included coordinating closely with my colleagues in each of the components of TFI the Office of Intelligence and Analysis, the Office of Foreign Assets Control, the Financial Crimes Enforcement Network, and the Treasury Executive Office for Asset Forfeiture.

In my capacity as Assistant Secretary, I also have had the chance to work on many of the issues in TFI, but I have focused most intently on several key issues:

First, our use of targeted financial sanctions, as well as outreach to the private sector and foreign governments, to increase pressure on the government of Iran for its continued refusal to live up to its international non-proliferation obligations;

Second, and relatedly, our efforts to financially isolate and apply pressure on the North Korean regime for its continued provocative conduct;

Third, our efforts to combat the financing of terrorism, especially financial support for Al Qaeda, the Taliban, and other violent extremist groups in South Asia;

And, finally, the effort to ensure that information about the true beneficial owners of corporations is available to State and Federal law enforcement and regulators pursuing money-laundering and terrorist-financing investigations.

Prior to serving as Assistant Secretary, I was an attorney for close to 20 years, in both private practice and in Government. In private practice, I represented institutions and individuals in complex financial investigations and litigation and counseled clients on

their obligations to comply with Treasury's anti-money laundering and economic sanctions laws and regulations. From late 1999 to mid-2001, I served in the Treasury's General Counsel's Office, focusing much of my attention on anti-money-laundering law and policy.

If confirmed, I look forward to working closely with you as the Treasury Department continues to implement the President's priorities for safeguarding our financial system from illicit finance. The variety and intensity of these challenges are well known to this Committee. Effectively addressing them requires great vigilance and constant innovation. I would welcome the opportunity to serve our great Nation by taking on these challenges as the leader of Treasury's critical work to fight illicit finance.

In closing, I want to thank the Committee for the attention it has given to my nomination. If confirmed, I intend to work closely with you, Mr. Chairman, the other Members of this Committee, and your staff to pursue our shared objective of protecting national security and the integrity of the financial system. I am deeply committed to maintaining the very productive and close relationship that exists between this Committee and the office that I have been nominated to lead.

Mr. Chairman, I would be pleased to respond to any questions that you or Members of the Committee may have.

Chairman JOHNSON. Thank you, Mr. Cohen.

Mr. Glaser, do you have family to introduce?

Mr. GLASER. Yes, I do, Senator. I would like to introduce my wife, Laura, and my son, Ethan; and my parents, Gary and Lillian Glaser.

Chairman JOHNSON. Mr. Glaser, please proceed.

STATEMENT OF DANIEL L. GLASER, OF THE DISTRICT OF COLUMBIA, TO BE ASSISTANT SECRETARY FOR TERRORIST FINANCING, DEPARTMENT OF THE TREASURY

Mr. GLASER. Thank you, Chairman Johnson, Ranking Member Shelby, distinguished Members of the Committee. Thank you for the opportunity to appear before you today. It is a tremendous personal and professional honor to have been nominated for the position of Assistant Secretary of the Treasury for Terrorist Financing. I would like to thank President Obama for the confidence he has shown in me by nominating me and Secretary Geithner for recommending me for this important position. If confirmed, I will certainly work my hardest to live up to their very high expectations.

Mr. Chairman, over the course of my career I have served in the area of illicit finance under six Secretaries of the Treasury across three Presidential administrations. My positions have included serving as an attorney in the U.S. Secret Service Chief Counsel's Office, as Senior Counselor for Financial Crimes within the Treasury Department's Office of General Counsel, Director of the Money Laundering and Financial Crimes Section within Treasury's Office of Enforcement, Director of Treasury's Executive Office for Terrorist Financing and Financial Crimes, and since 2004, as the Deputy Assistant Secretary of the Treasury for Terrorist Financing and Financial Crimes within TFI. Additionally, since September 2001, I have served as head of the U.S. Delegation to the Financial Ac-

tion Task Force—the premier international body that sets anti-money-laundering and counterterrorist financing standards and works for their global adoption and implementation. I believe this experience has left me well prepared to take on this new position.

Over the course of these years, I am proud to have been part of the team that has built something new and unique at the Treasury Department—a finance ministry with a central role in the development and implementation of national security policy. This evolution began in the late 1990s with Treasury's leading role in the development of the first National Money Laundering Strategies and culminated in March 2004 with the creation of the Office of Terrorism and Financial Intelligence. TFI brings together a broad and diverse range of Treasury's authorities and expertise for two goals: protecting the United States and international financial systems from abuse; and identifying, disrupting, and dismantling the financial networks that support terrorist groups, organized crime, weapons proliferators, and countries that threaten the national security of the United States. This approach has been successful. We have made it harder for terrorist groups to raise and move funds, disrupted the financial networks that support drug-trafficking organizations, and applied substantial financial pressure on regimes such as Iran and North Korea, while at the same time making it more difficult for them to acquire the material necessary to develop their nuclear programs.

As the central policy office within TFI, the Office of Terrorist Financing and Financial Crimes works to develop and implement strategies and engages with multilateral bodies, foreign government counterparts, and private sector colleagues to achieve all of these objectives. If confirmed, I will lead TFFC in continuing to develop innovative approaches to undermining illicit finance and strengthening our national security. Challenges abound. From Iran's and North Korea's nuclear programs and other illicit activities, to drug-trafficking and criminal organizations in the Western Hemisphere and Eastern Europe, to global terrorist organizations such as Al Qaeda and Hamas, to the new challenges posed by recent developments in the Middle East—never has it been more important to strategically and effectively marshal our financial tools and those of our allies in support of international security.

In closing, I would like to thank the Committee for its time and consideration. If confirmed, I pledge to work closely with you, Mr. Chairman, and other Members of the Committee and your staff on our collective goal of combating illicit finance and protecting America. It is my immense honor to sit here before you today, and I would be happy to respond to any questions you or other Members of the Committee might have.

Thank you.

Chairman JOHNSON. Thank you, Mr. Glaser.

Mr. Massad, do you have family to introduce?

Mr. MASSAD. Yes, I do, Chairman Johnson. I would like to introduce my wife, Charlotte.

Chairman JOHNSON. Please proceed.

STATEMENT OF TIMOTHY G. MASSAD, OF CONNECTICUT, TO BE ASSISTANT SECRETARY FOR FINANCIAL STABILITY, DEPARTMENT OF THE TREASURY

Mr. MASSAD. Thank you. Chairman Johnson, Ranking Member Shelby, and Members of the Committee, thank you for the opportunity to appear before you today. I am honored that President Obama has nominated me for this position, and I am deeply grateful to Secretary Geithner for his confidence in me.

Over the last 2 years, it has been my privilege to be a part of the Treasury Department. I joined in May 2009 as Chief Counsel for the Troubled Asset Relief Program, and I had the honor of working closely with former Assistant Secretary Herb Allison, who set an outstanding example for us all. When Mr. Allison decided to return to retirement in September of 2010, Secretary Geithner asked me to serve as Acting Assistant Secretary.

I was born in Louisiana, and I lived in Texas, Oklahoma, and Connecticut as a child. All of my grandparents were immigrants who came to this country as teenagers, barely able to speak English and with nothing more than a suitcase. My parents grew up during the Great Depression. Their families struggled to make ends meet. My parents worked hard and provided my siblings and me with many opportunities, and I have been very fortunate as a result.

I mention this because I often think of the stories my parents told about life during the Great Depression, because this financial crisis has caused many American families to suffer on a scale not seen since that time. As a result of this crisis, millions of people have lost their jobs. Many have lost or are still in danger of losing their homes. Many small businesses have collapsed. Many families have lost their retirement savings, and many young people have had to postpone college plans. We must never forget that this human suffering is the true cost of this financial crisis.

Congress passed the Troubled Asset Relief Program, or TARP, in the midst of this terrible crisis in order to stabilize our financial system. Of course, TARP could not avert or repair all the damage caused by this crisis. However, I strongly believe that without TARP, the suffering would have been much, much worse. While no one liked using taxpayer funds to rescue financial institutions, I believe that TARP—along with the other actions our Government took—helped prevent a catastrophic collapse of our financial system.

Today, our financial system and our economy are much stronger, and important work remains for TARP. First, we must exit our remaining investments in banks and other companies. We have already recovered two-thirds of the amount of money invested, and our economy and our financial system will be stronger when the Government gets out of the business of owning interests in private companies. Second, we must continue to implement and improve our programs to help American families stay in their homes and avoid foreclosure. And, third, we must do both of these tasks in a manner that protects taxpayer interests and ensures accountability.

In particular, I want to emphasize the importance of accountability and transparency. This program must meet the highest

standards. Before joining Treasury, I helped the Congressional Oversight Panel get started. I served as their first special legal advisor on a voluntary basis and worked closely with them to help write one of their first reports. If confirmed, I will continue to work closely with the Special Inspector General for TARP, the Government Accountability Office, the Financial Stability Oversight Board, as well as this Committee and other Committees of Congress to ensure that the TARP program meets the highest standards.

It has been the greatest professional honor of my life to serve my country during this difficult time. I have been fortunate to lead an extremely talented and dedicated team at the Office of Financial Stability, and I look forward to continuing this work should the Senate choose to confirm me.

Thank you, Chairman Johnson and Ranking Member Shelby, for this opportunity, and I look forward to your questions.

Chairman JOHNSON. Thank you, Mr. Massad.

Ms. Felton, do you have family to introduce?

STATEMENT OF WANDA FELTON, OF NEW YORK, TO BE FIRST VICE PRESIDENT AND VICE CHAIR, EXPORT-IMPORT BANK OF THE UNITED STATES

Ms. FELTON. Yes, Senator, I do: my husband, Mike Owens, who is sitting right behind me; and my mother, Maro Lester. I also have several friends here: my best friend, Ivonia Slade, and my dear friends, Lesley Redwine and Grace Speights, who attended college with me.

Senator Shelby, please allow me to express my sincere sympathies for the devastation in your State.

Chairman Johnson, Senator Shelby, and distinguished Members of the Committee, I am honored to appear before you today as a nominee for the position of First Vice President and Vice Chair of the Export-Import Bank of the United States. To say that I am deeply honored to have the opportunity to serve my country in this capacity does not begin to capture my feelings. I am awed and I am humbled. And I am so grateful to President Obama for the opportunity to serve him and our country.

Briefly, I have more than 25 years of financial industry experience. I began my career, as noted earlier, as a loan officer at Ex-Im Bank. I understand and am committed to the Bank's mission. Creating good-paying jobs that can sustain the American middle class and promote the competitiveness of U.S. companies overseas, these are imperatives in the current economy. To my knowledge, Ex-Im Bank is the only lever available to our Government to accomplish these goals without burdening taxpayers. As such it is a vital tool.

However, I believe that the imperative extends beyond the current economic cycle. Maintaining American competitiveness over the long term is a strategic imperative. President Obama has observed that 95 percent of the world's customers are outside the United States. I believe that American businesses—large and small—must capture a larger share of this market so that our country can continue to prosper.

Under Chairman Hochberg, Ex-Im Bank's activity has increased dramatically with many innovative programs that stretch every dollar and leverage every resource the Bank has available. Ex-Im Bank's support for small businesses is at an all-time high. There are new programs that provide outreach, training, and financing to help small businesses penetrate overseas markets. This financing fills a void left by the banking industry. If I am confirmed, I will be committed to helping to build on this success.

I believe I bring a skill set that will allow me to make a meaningful contribution. My experience in banking gives me the tools to perform my primary duty, which is to assess the creditworthiness of transactions that are brought before the Board. Should I be confirmed, I will be committed to ensuring that the Bank remains self-financing. I see the role as fulfilling a fiduciary duty to the American taxpayer.

If confirmed, I also feel well suited to help grow U.S. exports in Sub-Saharan Africa. I understand this is a congressional mandate and believe that I can contribute in this area as well. I have experience working in South Africa and Nigeria, two of the nine countries which Ex-Im Bank has named as primary markets. There is a growing need in Africa and many emerging markets for equipment and services to build basic infrastructure, telecom, transportation, and other areas. These are needs which American businesses can and should supply. I believe that my experience positions me well to pursue this mandate.

For the past 15 years, I have performed due diligence on a number of transactions involving emerging markets. For example, in 1994, I advised CalPERS and the New York State Common Retirement Fund as they made their first private equity investments in post-apartheid South Africa.

Mr. Chairman and Members of the Committee, thank you for the opportunity to seek your support for my nomination. I look forward to answering any questions you may have for me.

Chairman JOHNSON. Thank you, Ms. Felton.

Mr. Mulvaney, do you have family and friends to introduce?

Mr. MULVANEY. I do, Mr. Chairman: my wife, Susan, and my daughters, Kate and Rachel, who are right behind me.

Chairman JOHNSON. Welcome. Please proceed.

STATEMENT OF SEAN MULVANEY, OF ILLINOIS, TO BE A MEMBER OF THE BOARD OF DIRECTORS, EXPORT-IMPORT BANK OF THE UNITED STATES

Mr. MULVANEY. Mr. Chairman, Senator Shelby, other Members of the Committee, please allow me also to start by expressing deep appreciation for the opportunity to appear before you. I am honored to be a candidate for the Board of the Export-Import Bank of the United States. As a former congressional staffer, I understand and recognize the importance of the Committee and this hearing. I would also like to thank President Obama for nominating me to this position, as well as Senator McConnell. If confirmed, I would welcome the opportunity to serve.

Over the course of my career, I have had several positions that have contributed to my candidacy for the position. These positions span the private and public sectors and include experiences in

management, U.S. trade policy, budget, and international affairs. If confirmed, I stand ready to leverage these experiences in support of the Bank at this critical time during the ongoing U.S. recovery from the economic crisis.

Let me express some key commitments and priorities in this hearing.

First, I would like to express my commitment to the Bank's mission. While Ex-Im Bank may be a small and a lean agency, its mission is by no means insignificant or modest. Last year, the Bank supported over $34 billion of U.S. exports with authorizations of over $25 billion. This financing support was essential to sustain over 227,000 American jobs at more than 3,300 companies. Since my nomination, I have had a few opportunities to interact with the Bank's staff. In these initial meetings, I have quickly appreciated the Bank's professionalism and a clear sense of purpose that emanates from its employees. If confirmed, I would be honored to work with the Chairman and the rest of the organization.

Second, I am committed to the Ex-Im Bank's strong relationship with the legislative branch. The Bank has earned the trust and confidence of this Committee and the Congress. Even though the Bank's operations are self-sustaining, the Bank extends the full faith and credit of the United States as it supports U.S. exports and jobs. It is important that this trust and confidence be preserved in the years ahead, particularly as the Bank seeks reauthorization.

Third, I am committed to the Bank's partnership with other Federal agencies. The Bank plays a vital complementary role to the programming of organizations like OPIC, TDA, SBA, USTR, and the Department of Commerce. Together, the Bank and these agencies enable greater U.S. economic engagement in the global economy so that the United States can secure economic growth, job creation, and prosperity.

If confirmed, I would hope to work with Chairman Hochberg and the Bank staff on a few areas.

First, the Bank has developed a strategic plan for 2010 that includes a number of priorities, including expanding awareness of Ex-Im Bank services through increased outreach and partnerships, increasing the number of small- and medium-sized businesses using Bank services, and targeting business development in emerging markets with high potential for U.S. export growth. A key statistic I have come to appreciate in this nomination process is the fact that over 20 percent of the dollar volume and 85 percent of its transaction volume benefit American small business.

Finally, I firmly believe in the practice of measuring for results. I would consider it an important part of my job to understand and improve Bank metrics that give stakeholders a sense of its performance over time, particularly mitigating risk in its operations to the U.S. taxpayer.

Again, I appreciate the opportunity to be here, Mr. Chairman and Senator Shelby, and I look forward to answering any of your questions.

Chairman JOHNSON. Thank you, Mr. Mulvaney.

Will the clerk put 5 minutes on the clock?

Mr. Cohen, as you noted in your statement, combating illicit finance protects our financial system from abuse by money launderers, terrorist financiers, weapons proliferators, and others engaged in financial crime and helps to advance our most critical foreign policy and national security objectives. Can you describe the overall state of the Treasury Department's efforts in this area and where you think we need to more clearly focus in the coming years to ensure a more effective counterterrorist financing effort? Are there tools that you do not now have that you think would be useful in this fight?

Mr. COHEN. Thank you, Mr. Chairman. I would say that the state of the overall Treasury effort to combat terrorist financing is quite good. We have in TFI an integrated approach to combating terrorist financing that includes the policy developments that come from the Office of Terrorist Financing and Financial Crimes, the office that Mr. Glaser has been nominated to lead; the Office of Intelligence and Analysis, an intelligence shop in the Treasury Department, and I would note that we are fortunate to be the only finance ministry in the world that has an in-house intelligence unit that is dedicated specifically to the intelligence related to following the money and combating terrorist financing and other forms of illicit finance; the Office of Foreign Assets Control, which administers our Counterterrorist Financing Executive Order; and FinCEN, which also contributes by regulating the domestic anti-money laundering market and the Bank Secrecy Act and gathering information.

We bring all of that information together in targeting our efforts to combat terrorist financing, and it involves both taking specific targeted actions against terrorist financiers, the donors, the facilitators, and others who are involved in moving the money, but also, importantly, engaging with counterparts overseas.

I think one of the most effective things that we as a Department do is interacting with foreign governments, foreign central banks, foreign financial institutions, and foreign intelligence services, sharing information, sharing best practices, learning from one another about the networks that are supporting the terrorist activity.

So bringing together this integrated approach, I think we have made some important strides in weakening, in particular, Al Qaeda core. I think we have, obviously, work still to be done with Al Qaeda core and with the affiliates, Al Qaeda in the Arabian peninsula, Al Qaeda in the Islamic Maghreb, Al Shabaab. These are all serious challenges. They all depend on receiving financing in order to survive and we will continue to bring to bear all of the resources that I mentioned in attacking those problems.

Chairman JOHNSON. Mr. Glaser, I understand you are working hand-in-hand with Acting Under Secretary Cohen to counter terrorist financing, weapons proliferation, money laundering, and similar scourges as he did with his predecessor, Stuart Levey. I gather that part of your efforts will focus on anti-narcotics and anti-money laundering efforts on our Southern border. Can you describe for us the scale of the problem and how we are combating it, including new ways being used by the cartels to smuggle in funds and prepaid digital stored value cards. Do you think we are winning this war, losing it, or just holding our ground?

Mr. GLASER. Thank you, Mr. Chairman, for the question, because I think it is a really important issue and it is an important issue for the U.S. Treasury Department, in particular, to be focusing on. In my opening statement, in David's opening statement, we spent a lot of time talking about all of the innovative work that we have done over the years in terms of mapping out the financial networks that support regimes such as North Korea, Iran's nuclear proliferation networks, terrorist organizations like Hamas and Al Qaeda. There has been a tremendous amount of effort from a systemic level to understand those networks and then to look at the tools that we have, sanctions, tools, regulatory tools, law enforcement tools, diplomatic tools to attack those networks, to disrupt and dismantle those networks.

There has not been the same type of thought process, I think, or enough of the type of thought process that has gone into looking at the narcotics networks and I think that that is something that we could really innovate on, and I think that that is something that we at Treasury could really lend our assistance to. There has been a tremendous amount of work that has been done by the DEA, by the Justice Department, by all our law enforcement agencies in case-driven efforts to identify individuals, to arrest them, to take down narcotics organizations, and they have done heroic work on that. We ourselves have contributed to that through our kingpin designations. That said, I think that we can do some more systemic work in understanding these flows.

Precisely to the question that you asked, later this month, I am going to be traveling down to Mexico to meet with my counterpart in the Mexican Finance Ministry and then we are going to do something that I do not think has been done before. He and I are going to do a joint Mexican-United States visit to Central America, to places like Guatemala and Panama, so that we and Mexico can work together to begin to jointly understand precisely how these broad networks work and then look at our array of tools, which is what we do in TFI, look at our array of financial tools to see how we could target it.

I think that a good example of the value that we could bring to this is an action that we at the Treasury Department took recently with respect to Lebanese Canadian Bank. Lebanese Canadian Bank is a bank in Beirut that is part of the global narcotics financing network. When I first started in this job, when we looked at the drug cartels, we looked at a system that was limited to the Western Hemisphere. Now, it is a system that is worldwide—Africa, the Middle East, Asia. The action that we took in coordination with the DEA to target this bank in Beirut, which, by the way, involved a network with ties to Hezbollah, allowed us to really find a way to disrupt the way these drug cartels are moving their money. I think we could do more of that and I look forward to working on that if nominated—if confirmed. Thank you, Chairman.

Chairman JOHNSON. Thank you, Mr. Glaser.

Senator Shelby.

Senator SHELBY. Thank you, Mr. Chairman.

Mr. Cohen, although there has been some success in sanctioning Iranian banks, Iran's nuclear program and support for terrorist organizations continues, I believe, unabated. Financing for these ac-

tivities must be coming from somewhere, so my question to you is this. What role, if any, do you believe that the Central Bank of Iran plays in supporting Iran's nuclear proliferation activities or helping businesses evade U.S. or U.N. sanctions on Iran, and what is the Treasury's criteria for sanctioning the Central Bank of Iran, if you have one?

Mr. COHEN. Thank you, Senator Shelby. I want to begin by also extending my condolences and sympathy to you and to your constituents.

Senator SHELBY. Thank you.

Mr. COHEN. With respect to the Central Bank of Iran, we are very, very focused on the role the Central Bank of Iran may play in supporting Iran's nuclear program as well as its support for terrorism. I would note that in the most recent Security Council Resolution 1929 from last June, the Security Council made special pains to point out that vigilance is required with respect to the Central Bank because of its potential role in supporting Iran's nuclear program and its ballistic missile program.

We at the Treasury Department in several FinCEN advisories have noted for our financial institutions the potential that the Central Bank of Iran could be involved in that sort of activity. The criteria that we apply for the Central Bank of Iran is the same criteria that we would apply for any financial institution. That is, if we have the evidence, if we have the evidence that the Central Bank of Iran is involved in proliferation activities or in supporting terrorism, we will take that into account and we will, if the facts——

Senator SHELBY. What do you mean when you say you will take it into account? What are you really telling us?

Mr. COHEN. I am telling you that this is something that we are very focused on——

Senator SHELBY. OK.

Mr. COHEN. We are looking for evidence that would suffice, and we need to take this into account in our general policy of applying pressure on Iran.

Senator SHELBY. OK. Mr. Glaser, what are the main lifelines of Iranian financing for its nuclear and terror programs right now? In other words, where are they getting the money? I know they have a lot of oil and gas. We understand that.

Mr. GLASER. Thanks for the question, Senator Shelby. You know, again, just to step back for a second, when we really first started working on this issue in earnest at the Treasury Department back in 2006, it was more or less outside the United States's business as usual with Iran in terms of the financial, international financial community. There are very few, if any, financial institutions that were voluntarily not doing business with Iran.

We have made tremendous progress over the years on that, and I think a watershed moment was last summer when in very quick succession we had 1929, U.N. Security Council Resolution 1929, CISADA, and then the very robust implementation of the U.N. resolution by the E.U., Republic of Korea, and Japan. So where we started, where it was business as usual, now what we are left with there is, as your question implies, there are a few lifelines, and the

challenge now—and in some ways it is a good challenge to have, in some ways it is making it more challenging—is to identify those.

I think one of the more important lifelines that exists is a bank in Europe called EIH, which I know this Committee has focused on. It is an Iranian-owned bank in Germany which, again, provides one of the last real broad points of access for Iran into the European financial system. It is a bank that we designated at the Treasury Department under our WMD proliferation authorities some time ago and it is one that we have been engaged very closely with the Germans and with the European Union as a whole on because we think it is very important that that lifeline be closed down.

Senator SHELBY. What basic initiatives that you have been dealing with have been successful against the Iranian financial lines?

Mr. GLASER. Well, again, I think——

Senator SHELBY. And I do not want to say about all of it, not here.

Mr. GLASER. I am sorry?

Senator SHELBY. I said, you might not want to disclose all of it——

Senator SHELBY. No. No. I certainly understand the question. I think what we have really succeeded in is bringing an international coalition together to make the international financial system very difficult for Iran to access. I will say, I think that Congress enacting CISAD and President Obama signing CISAD into law was extremely effective in cooling the willingness of banks around the world to do business with designated Iranian banks. I think that has been extremely effective.

Senator SHELBY. OK. Mr. Massad, former Special Inspector General for TARP Neil Barofsky wrote in a recent op-ed that he strongly disagrees with the Obama administration's assertion that TARP has been effective by any objective measure. Particularly, Mr. Barofsky noted that the Home Affordable Modification Program, HAMP, has been a colossal failure. HAMP was announced with the promise by the Administration to help up to four million families with mortgage modifications. However, it is my understanding there have been only about 600,000 permanent modifications to date and more than 800,000 trial modifications have failed and been canceled. Why has HAMP failed to live up to the expectations? Have you done any work there?

Mr. MASSAD. Yes, sir. I would be happy to answer that question. I would say, first of all, that HAMP has not failed.

Senator SHELBY. OK.

Mr. MASSAD. I think we have helped many, many people, both directly and indirectly. As you point out, about 630,000 have entered into permanent modifications. We will be coming out with a new report later this week which will indicate additional families——

Senator SHELBY. But it has not lived up to expectations. You have got to admit that, have you not?

Mr. MASSAD. Yes, sir. We will not achieve three to four million——

Senator SHELBY. OK.

Mr. MASSAD.——permanent modifications.

Senator SHELBY. All right.

Mr. MASSAD. I think there are a couple of reasons for that. One is we set eligibility criteria which provide that we do not offer assistance to everyone. This program was never meant to help stop every foreclosure. We do not help, for example, people who can afford their mortgage without Government assistance. We also do not help those that even with the Government assistance may not be able to sustain their situation. We do not help people in million-dollar homes and vacation homes and vacant properties. That is factor number one. So the eligibility pool today, for example, is about 1.4 million families.

Second, servicer implementation has been difficult and disappointing in many ways and we have taken many steps to try to improve that.

And finally, it is difficult to reach borrowers sometimes.

The other thing I would point out, though, is that this program has had a very big indirect effect. Prior to the launch of HAMP, very few modifications were getting done by the industry and the standards that we have set have pushed the industry to do an additional two million modifications on their own. So I think it is important to look at both the direct and indirect effects.

Senator SHELBY. Mr. Chairman, I have a number of other questions I would like to submit for the record, if it would please you.

Chairman JOHNSON. It will be received.

Senator SHELBY. Thank you.

Chairman JOHNSON. Senator Reed?

Senator REED. Thank you very much, Mr. Chairman. I, too, want to join you in offering our support and help to the Senator from Alabama with those devastating tornadoes.

Senator SHELBY. Thank you.

Senator REED. We saw some floods in Rhode Island last summer and we received your help and assistance, Mr. Chairman, and we look forward to helping you.

Senator SHELBY. Thank you.

Senator REED. Mr. Cohen and Mr. Glaser, how do you measure the effect of these sanctions? Is there a metric that they are using? And then, second, as we impose sanctions, individuals adapt and modify their behavior. Can you indicate in that regard what is the most disturbing trend in terms of their reaction to the sanctions? Both of you can deal with these questions.

Mr. COHEN. Senator Reed, with respect to the Iran sanctions in particular, I think we measure our success in terms of the qualitative disruptive impact that the sanctions have on Iran's ability to access the worldwide financial system. We have seen over the last several years, as Mr. Glaser was mentioning, a substantial reduction in the number and quality, frankly, of banks around the world that are willing to transact with Iranian banks.

It is unquestionable that that has applied pressure on the Iranian government. It is not a pressure that I think is easily quantifiable, but we can see it in a variety of different ways, that this is having an impact on Iran's ability to engage in the transactions that it needs to engage in to support its nuclear program and to support terrorism around the world. And it is also, just more generally, imposing pressure on the Iranian government, which is obvi-

ously part of the dual-track strategy that we are pursuing as an Administration.

You know, in other programs, there are other measures of success. The Libyan program comes to mind in which we have frozen, you know, $35 billion in assets. But that is not a measure that is translatable across programs and it is—the number of frozen assets is sort of not a measure that we use as a metric because it is dependent, obviously, on so many variables that are outside of our control, including the use of the U.S. financial system.

So I think for each program, the measures are different, but the goal of each of these sanctions programs is to disrupt and to apply pressure as a sort of a coercive measure to encourage change in behavior, and that is how we measure the effectiveness.

Senator REED. Mr. Glaser, you might take the second question, which is basically you have been involved in three Administrations. What trends, and most disturbing trends, do you see in terms of response to these sanctions?

Mr. GLASER. Thank you, Senator, and I will focus specifically on our Iran sanctions program, because that is what I think your question was focused on. I think you are right. When we think about how we are going to apply sanctions and what tools to use with respect to Iran, we need to understand that this is a dynamic process, that as we impose sanctions, Iran is going to respond to it, and that then creates challenges and opportunities for us in terms of how we respond, and there is an inevitable cat-and-mouse game that goes on. So as we identify banks for designation, other banks emerge that provide Iran opportunities.

One good example of that, for example, was Post Bank. Post Bank had never really been a particularly important bank for Iran internationally. It is their postal bank. After the broad international sanctions against Iran and other large state-owned banks, all of a sudden, you start seeing a huge amount of transactions emanating from Post Bank. Essentially, Post Bank was stepping into the shoes of these other Iranian banks. That was something that we saw. We responded and applied sanctions on Post Bank. So there is an element of cat and mouse to it.

Additionally, it is important to look at other alternative mechanisms. Is Iran looking to purchase banks surreptitiously? Is Iran looking to use mechanisms outside of the formal financial system? We need to be careful about that. Is Iran looking at sort of second-tier financial centers? So now that we have closed off Europe, we have closed off South Korea, we have closed off Japan, is Eastern Europe something that Iran is interested in?

I took a visit earlier this year to Albania and to Ukraine to discuss it with them, the challenges they face with respect to potential Iranian involvement. As we look at South Korea and Bank Mellat-Seoul being cutoff to the Iranians, will they start looking to Chinese financial institutions more? That is something that we need to keep our eye on.

But I just want to conclude by saying there is more to it than just the cat-and-mouse game. Iran has a real economy, a large economy. They are a large country. It is—as their access to the international financial system decreases, it is not like the second-tier options and the third-tier options and the fourth-tier options

are perfect substitutes for the first-tier options, and that over time is going to hopefully apply the pressure that we need to apply to seek a change in Iranian attitudes and policy.

Senator REED. Thank you. Mr. Chairman, I have no further questions, but I do want to recognize Mr. Massad. We have had the chance to have hearings together. I support you and your efforts and thank you, sir. And to our nominees at the Ex-Im Bank, good luck. Thank you.

Mr. MASSAD. Thank you.

Chairman JOHNSON. Senator Johanns?

Senator JOHANNS. Thank you, Mr. Chairman.

Let me just start out and say to all of you, congratulations on great careers. You have done a lot of interesting things, served your nation and wanted to do some more and I appreciate that.

Let me, if I might, focus, if I could. Mr. Cohen and Mr. Glaser, I think you can see from the bipartisan questioning on the sanctions that there is a concern that we in Congress pass these laws, we work with the Administration, we work with Treasury, whoever. We put something in place that gets tremendous bipartisan support here. Just literally, by the time it is done, there are no votes against it and no controversy, and then it is kind of like, what is happening? Is anything coming out of this?

So let me start with a very, very direct question, and that is has any foreign-owned non-Iranian financial institution been sanctioned under the Iran sanctions bill? Anyone out there?

Mr. COHEN. With respect to the law that was passed just this past summer——

Senator JOHANNS. Right.

Mr. COHEN.——we have not yet sanctioned any foreign financial institution outside of Iran under that legislation. But I would hasten to add that that legislation has been extraordinarily effective and very powerful and we have used it in traveling around the world, in meeting with close to 20 foreign governments, central banks, close to 50 financial institutions where we had a concern that the financial institution, the foreign financial institution may be involved in significant transactions with either designated Iranian banks or with IRGC entities and we have had very good success in moving those financial institutions away from interactions with Iran.

So as we began this effort over the summer, as Mr. Glaser had mentioned earlier, we had seen over the preceding several years many financial institutions stepping out of the Iranian market, but there were still some that remained involved with these designated Iranian banks, and CISADA has been a very effective tool in going after many of those banks that remained engaged with designated Iranian institutions.

That said, it has not been uniformly effective and we are focused quite vigorously on identifying and pursuing those financial institutions that continue to maintain significant transactional activity with designated Iranian banks. We have not yet designated a bank under CISADA, but that should not be taken to mean that we will not.

Senator JOHANNS. I do not take it to mean we will not. I am just curious as to, you know, some months have now passed, why that

action would not be taken if you have got banks out there with significant financial transactions relating to Iran. Why would we not be pursuing that leverage?

Mr. COHEN. Senator, we are pursuing the leverage. Our first best option is to get them to stop. Our second best option is to apply sanctions, and without getting too much into the details of any particular investigation that we are conducting, I can tell you that we are, I would say, close to a decision point on several institutions.

Senator JOHANNS. Mr. Glaser, do you have anything to add on that?

Mr. GLASER. Thank you, Senator. Not surprisingly, I agree with my present and future boss——

Senator JOHANNS. That is a good idea.

[Laughter.]

Mr. GLASER. But——

Mr. COHEN. Not always the case, I would add.

Senator JOHANNS. Yes, I know.

Mr. GLASER. I do think it is—I think it is important to emphasize that we are using the leverage that CISADA has given us and we have seen a dramatic reduction in Iranian access to the financial system as a result. The challenge now, as you highlight, is to pick out the points where it remains, the points that we have not been able to exert adequate leverage, the banks that think that they are immune, and target them, and that is something that we are committed to doing.

Senator JOHANNS. I am running out of time, but let me wrap up and just say, this is an example of exactly what I was saying with my opening. We passed the law. We want something done. You do, too. I am not questioning your desire to be as effective as you can. But there is a point at which we mess around with these financial institutions, there is a point at which it is time to just drop the hammer. And I can almost assure you that here in Congress, you are going to get support for that effort because we want these laws to be effective. So good luck to all of you.

Chairman JOHNSON. Senator Bennet?

Senator BENNET. Thank you, Mr. Chairman, and I would like to thank all of the witnesses here today for your willingness to serve, and congratulations on the nomination.

Just to pick up where Senator Johanns left off for a second, on the Iranian sanctions, can you give us an impression, either of you, of whether there is a geographic profile of the 50 or so institutions that you have been most worried about, and how—and maybe specifically how some of these institutions actually have modified their behavior in a way that makes you feel confident that they do not need to be sanctioned, they are responding to the law.

Mr. COHEN. I would say, Senator Bennet, that there is not a particular geographic profile other than it is obviously not the United States——

Senator BENNET. Right.

Mr. COHEN.——and largely not in Europe. "Largely" probably leaves too much room there. Not in Europe. What we have are financial institutions, you know, whether it is in Eastern Europe and in the Gulf, in Asia, a variety of jurisdictions that have been the focus of our efforts. And what has satisfied us, and I will say it is

a trust but verify approach, is commitments from the financial institutions that to the extent that they were engaged in any of the transactions that would be sanctionable under CISADA, that they are stopping entirely. Obviously, we do not take them just at their word. We pursue whatever information we can to assess whether their representations are accurate. But that is what the statute focuses on is significant transactions with designated Iranian institutions, but I think for our purposes, we are looking for these banks to completely exit the market.

Senator BENNET. And to shift to Al Qaeda for a second, because you raised it, Mr. Cohen, in, I think, one of your answers to the Chairman, I wonder—you had said that you had had some success, you think, in interrupting the financial networks that supported Al Qaeda, and I wonder if you could describe that a little bit to the extent that you can in a public hearing, the effect that Osama bin Laden's death might have on that financing, if any. And then can you give us a sense, either of you, of how overlapping the networks are for Al Qaeda, Al Qaeda on the Arabian Peninsula, Hamas, or any other terrorist organizations, just an impression of whether you are seeing some geographic relationship here.

Mr. COHEN. The success that we have had with respect to Al Qaeda core, to the Al Qaeda leadership in Pakistan, has been something that has developed over a number of years and is the result of both taking targeted actions against the facilitators who were involved in moving money for Government-Qaeda as well as very dedicated engagements with counterparts in the Gulf. We have been working with governments in the Gulf to identify the networks that are where the money is raised and the money is moved into Pakistan, and it has really put a fair amount of pressure, financial pressure on Al Qaeda. Frankly, some of the other actions that the governments, you know, some of the other things that we have been doing in Afghanistan and elsewhere has also put pressure on Al Qaeda core.

The death of bin Laden is obviously a tremendously important step. I think it will—it takes away a person who was, at a minimum, a symbol that was helpful in raising money. But I think our assessment is that it is by no means the end of the road in terms of going after the financing.

I will just make one observation on that. Obviously, all credit for that action goes to other components of the Government. The Treasury Department did not play a role. But the reports are that what led us to bin Laden was a facilitator, an information facilitator. What we do in large part is go after financial facilitators and use that leverage as a way to go after the senior leadership and the organizations themselves, and I think it does point up to some extent the value of the approach that we pursue, which is to sort of, much like a law enforcement agency builds its case by going after the low-level people and building its way up, we go after the networks and the facilitators in the networks and that has been quite effective in disrupting the financing for these organizations.

The question about overlapping networks, you know, there are overlapping networks and success with respect to Al Qaeda core does to some extent yield some success with the other organiza-

tions. But it is also the case that over the last several years, we have seen this franchising of the Al Qaeda network so you have Al Qaeda in the Arabian Peninsula, you have Al Qaeda in the Islamic Maghreb, you have Shabaab in Somalia. They also have independent sources of financing and our efforts to disrupt Al Qaeda core have some impact, but clearly not complete impact on those other entities. So we need to, you know, for each one of those and other terrorist groups, we need to apply the same theory but different tools—but different specific application.

Chairman JOHNSON. Senator Hagan?

Senator BENNET. Thank you.

Senator HAGAN. Thank you, Mr. Chairman.

Sort of following up on Senator Bennet's question, Mr. Glaser, in your testimony you stated that you would lead the Office of Terrorist Financing and Financial Crimes in developing innovative approaches to undermining illicit finance and strengthening our national security. What do you see as the most imminent threats in this area? And what are some of the innovative approaches that you would advocate?

Mr. GLASER. Thank you, Senator, for the question. I think the challenges that we face, I think the targets that are out there that are imminent, are the ones that we have been focused on around North Korea, terrorist groups, organized crime groups, WMD proliferators.

There are emerging issues. I made reference in my opening statement as well to recent developments in the Middle East, and within the last month or so, the Treasury Department has been quite active in applying financial pressure, just last week, when President Obama announced the new Executive order with respect to Syria. So there is a whole range of challenges that we have; there is a whole range of international security problems that we face.

When I talk about innovative solutions to those problems, what I really have in mind is, again, what I think TFI, the Office of Terrorism and Financial Intelligence, as a whole brings to the table in all of this, which is our ability to come at it from the perspective of a finance ministry, to look systemically at the way these financial networks operate and then think creatively about what sort of tools do we have to disrupt those networks.

In my testimony already today, I think I pointed to two of the recent, again, innovative approaches that we have taken. Again, I could point to the recent action we took under Section 311 of the PATRIOT Act with respect to Lebanese Canadian Bank, a bank that stood at the center of a global narcotics and money-laundering network, again, with ties to Hezbollah, allowing us to use authority to disrupt a network, to initiate a process within the Lebanese Government to strengthen their own money-laundering and financial crimes regulations, and to demonstrate the links that all of these illicit activities have with Hezbollah. I thought that was a very creative use of our authority and a very effective use of our authority.

I think we would like to see—we would like to do more of that, and I think we will do more of that as we move forward.

Senator HAGAN. When you commented on weapons of mass destruction, in this setting can you go over that in a little bit more detail from the proliferation?

Mr. GLASER. Well, sure. I would put our actions in sort of two broad categories. The first set of initiatives that I would highlight would be our overall efforts with respect to North Korea and around putting wide financial pressure on those countries, and that is something that we have been doing for years now. What we do in that regard is, again, marshal all of our tools, so unilateral sanctions under Executive Order 13382, which is the Executive order specific to WMD proliferation; working on multilateralizing these efforts through organizations like the Financial Action Task Force, U.N. Security Council resolutions; and then importantly, as important as anything else, working with the private sector to encourage financial institutions around the world to have very, very robust implementation of these obligations. And the goal is to create a dynamic within the financial system that tends to isolate these regimes, either as a matter of international law, as a matter of domestic law, or as a matter of international practice. And I think that we have had a lot of success on that.

Senator HAGAN. Thank you.

Mr. Mulvaney and Ms. Felton, Congress has enacted legislation to restrict the Export-Import Bank from making loans or providing guarantees in relation to certain projects or companies that conduct prohibited business in or with Iran. If confirmed, will you ensure the Export-Import Bank strictly adhere to congressional restrictions on the provisions of funds related to Iran?

Ms. FELTON. Senator, yes. I believe, first of all, that the Export-Import Bank takes the sanctions against Iran very seriously, and if confirmed, I would make sure that every transaction that came before the Board during my tenure is compliant.

Mr. MULVANEY. Let me also say that, if confirmed, I would follow the law as well. The Ex-Im Bank does not conduct foreign policy. It follows the foreign policy set by the President and directives from Congress.

Senator HAGAN. Thank you, Mr. Chairman.

Chairman JOHNSON. Senator Menendez.

Senator MENENDEZ. Thank you, Mr. Chairman.

Mr. Cohen, you just recently returned from Turkey, as I understand, where I also understand—and correct me if I am wrong—you pressed the Erdogan government on Turkey's financial ties to Iran. And for me, it is pretty clear that Iran has turned to Turkey to conduct illicit financial transactions in support of its nuclear program, and that it is actively seeking to establish new financial mechanisms in Turkey to bypass and evade U.S. and other international sanctions and gain access to European markets.

What was the Turkish Government's response to your concerns? And—well, let me hear the answer to that first.

Mr. COHEN. Senator Menendez, I was just in Turkey last week raising the concerns that you just articulated. We have seen, I think, two trends recently in Turkey. We have seen the Government at the highest levels talking up interaction with Iran and expanded trade with Iran and, with that, naturally expanded financial relationships. We have also seen, on the other hand, the financial sector in Iran—in Turkey, rather, being much more cautious. It is in part the effect of CISADA that I was addressing with Senator Johanns earlier, and in part their recognition that if they want

to be part of the international financial system, they are much better off isolating Iran.

My trip to Turkey was focused on raising the question with the Government of the extent to which their rhetoric is conflicting with the full compliance with their U.N. Security Council obligations and, more generally, dissonant with the international community's efforts to apply maximum pressure on Iran. The reaction that I got was, you know, first of all, the Turkish Government reaffirming strongly their opposition to the development of a nuclear program in Iran, an acknowledgment, I would say, of the importance of the international sanctions regime; and, you know, a hearty discussion about the place of Turkey both geographically and as a leader in the region, and their desire to expand their economy, not just with Iran but expand their economy generally.

Senator MENENDEZ. So let me ask you this, though—I appreciate that. But as I understand it, there are certain Turkish financial institutions that are currently doing business with a designated Iranian bank. Are we ready to sanction them?

Mr. COHEN. Senator, as a matter of longstanding Treasury policy, we cannot comment on any particular action that we may take. I will say, though, that——

Senator MENENDEZ. Are we ready to generically sanction those that, notwithstanding our overtures, are still doing transactions in violation of CISADA?

Mr. COHEN. Well, that is——

Senator MENENDEZ. I voted for you in the Finance Committee because I wanted to move your nomination along. But I want someone who is going to vigorously pursue the law, and so I am trying to get a sense from you whether you are going to vigorously pursue the law, or are we just going to have a sanctions law that ultimately is sitting out there unenforced or enforced with low-level participants instead of being enforced when there is a significant entity?

Mr. COHEN. Absolutely, Senator, and we are committed to enforcing the law. And just as you say, generically, if we have a financial institution that is not responsive to our overtures and is engaged in activity that is sanctionable under CISADA, we will pursue that very vigorously.

Senator MENENDEZ. Let me ask you this: It is no secret that while China eventually supported U.N. sanctions on Iran, it did so reluctantly, and only after it succeeded in significantly watering down the sanctions. Iran continues to use Chinese companies to procure hardware for its nuclear and missile programs, and Chinese companies continue to invest in Iran's energy sector.

So what financial tools does the United States have to press China to reduce that relationship with Iran? And why has the United States been willing to confront China on trade issues, but then unwilling to sanction Chinese banks or energy companies for dealing with Iran?

Mr. COHEN. Well, with respect to the energy aspects, that aspect of CISADA, as you know, is implemented by our colleagues at the State Department, and they have been pursuing those issues. You know, for the Treasury Department I can say that there is no country that is exempt from the application of CISADA. We have both

CISADA tools as well as other tools that can be brought to bear in the appropriate circumstance to address whether it is Chinese financial institutions or other Chinese businesses that may be supporting the Iranian proliferation activity.

We have in the past used those tools, and, you know, I can assure you that in the event that we have a good case, we will proceed.

Senator MENENDEZ. Mr. Chairman, I hope, I would urge the Chair—I know you have a busy agenda, but at some point to hold hearings on the sanctions legislation that we have passed and its enforcement. I am seriously concerned, as one of the prime movers of that legislation, that a sanctions regime that ultimately goes largely unenforced or to low-level players sends a message of a toothless tiger. And to the extent that Congress had a real intention to see entities sanctioned that, in fact, were violating the law, I am concerned that we are just not seeing that type of action. So I know you have a very busy agenda. I would just urge you at some point to consider including that.

I have a series of other questions for all of these witnesses, and I look forward to your answers. Your answers are going to, you know, color my decision as to how I vote.

Chairman JOHNSON. Mr. Cohen, I gather that the Iranian government has been working to craft ways to get around current international sanctions. What are the primary ways that you are focused on now to combat such efforts by the government of Iran to circumvent U.S., U.N., and EU sanctions? What are we doing to counter their efforts? Is there anything more we should be considering to make those efforts more effective? For example, do we need to address by statute the sophisticated barter arrangements into which they have reportedly entered to support certain transactions? Or can that already be used using CISADA?

Mr. COHEN. Mr. Chairman, we are very much focused on Iranian efforts to develop alternative financial arrangements to the financial ties that they had previously. So we are alert to efforts of Iran to find banks in jurisdictions where they had previously not been present that will do business with them. We are alert to efforts by Iran to expand transactional activity with the branches of Iranian banks that they have overseas.

To follow up on an earlier answer to Senator Menendez, one of the issues that I addresses in Turkey was the existence in Turkey of branches of Bank Mellat. That is a concern that we have that Iran will use its branches of its state-owned banks in Turkey and in several other countries where these branches exist to compensate for their lack of access to other financial institutions. So we are staying alert to any efforts by Iran to develop alternative access to the financial system.

With respect to barter arrangements, that is also something that is on our radar screen and that we are focused on. We are happy to work with you and your colleagues on the question of whether additional legislative tools might be necessary to address those issues. I am not certain that it is, but we are very happy to engage in that effort.

Chairman JOHNSON. Ms. Felton and Mr. Mulvaney, in large part due to the economic crisis, the Ex-Im Bank has seen a 70-percent

increase in its authorized transactions over the last 2 years. As the economy continues to recover, how do you think the Ex-Im Bank will be affected?

Ms. FELTON. Senator, as I stated in my opening comments, I believe that the Ex-Im Bank plays a vital role in helping to ensure and promote American competitiveness in international markets as well as promoting job growth in this country and stimulating the economy. I believe that that is a long-term strategic goal that should not be abandoned in any market conditions. Going forward, as the economy improves, the Ex-Im Bank can continue to make a very important contribution to American exporters. I believe that this country has not—let me state it differently, had had the luxury of not paying much attention to international markets because of the size of our domestic market. But going forward, what we are seeing is that many, many countries that are substantially less developed than the United States are actively pursuing exporting as a strategy to grow their economies, and that if the United States is to prosper, it has to continue to promote exports.

Chairman JOHNSON. Mr. Mulvaney.

Mr. MULVANEY. Thank you, Mr. Chairman, for the question. I interpreted your question as kind of eliciting a discussion of some of the key challenges that the Ex-Im Bank faces. One of the impressions that I had initially in interacting with the Bank staff, which is only about 400 full-time equivalent positions, is the enormous level of authorizations the Bank has done in the wake of the economic crisis while its staff size has remained the same and its admin budget has only increased about 8 percent. So I have appreciated that the staff is actually accomplishing a lot more with less, with the same amount of resources. This has created a little bit of stress on the personnel and systems of the institution, and I am committed to going to the Bank, if confirmed, and helping the Bank through this challenge.

Another challenge I would frame is the growing competition in the global economy and the role that Ex-Im Bank can play in helping U.S. exporters and supporting U.S. jobs in that competition. When you look at the export credit activity of other ECAs around the world, countries like Japan do $130 billion worth of export credit business, and according to some private sector estimates, China has done about $300 billion. It puts in perspective the competition that American exporters face around the world.

Chairman JOHNSON. Thank you, Mr. Mulvaney.

I thank the witnesses for your testimony and for your willingness to serve our Nation. We are going to submit questions for the record to you by 12 noon this Friday, May 6th. Please submit your answers to us by the close of business Monday, May 9, so that we can move your nominations in a timely manner.

This hearing is adjourned.

[Whereupon, at 11:32 a.m., the hearing was adjourned.]

[Prepared statements and responses to written questions supplied for the record follow:]

PREPARED STATEMENT OF DAVID S. COHEN

NOMINEE FOR UNDER SECRETARY FOR TERRORISM AND FINANCIAL CRIMES
DEPARTMENT OF THE TREASURY

MAY 3, 2011

Chairman Johnson, Ranking Member Shelby, and distinguished Members of this Committee: Thank you for the opportunity to appear before you today. It is an honor to be the nominee to serve as Under Secretary for Terrorism and Financial Crimes. I want to thank President Obama for the confidence he has shown in me by nominating me, and Secretary Geithner for recommending me, to serve in this position. Having served for the past 2 years as the Assistant Secretary of Treasury for Terrorist Financing, I am keenly aware of the very significant responsibilities assigned to the Under Secretary for Terrorism and Financial Crimes, as well as the consequential contributions that the Under Secretary can make in advancing our Nation's security.

Illicit finance, in its many forms, is a threat to the integrity of our financial system, both domestically and internationally. Combating illicit finance not only protects our financial system from abuse by money launderers, terrorist financiers, weapons proliferators and others engaged in financial crime, but it helps to advance our most critical foreign policy and national security objectives. The many tools that the Treasury Department can deploy—ranging from anti-money laundering regulatory oversight, to outreach to counterparts overseas, to deploying targeted financial measures focused on particular individuals and entities—play an integral role in responding to many of the challenges we face. Treasury's unique capacity to understand financial flows and the operation of the financial system, analyze financial intelligence, map financial and material support networks, and take targeted, powerful actions are key to meeting these challenges.

I believe that my professional experience, particularly serving as Assistant Secretary for Terrorist Financing since May 2009, has prepared me well to undertake the responsibilities of Under Secretary.

As Assistant Secretary, I have had the opportunity to work very closely with the previous Under Secretary, participating in almost all aspects of the work of the Office of Terrorism and Financial Intelligence (TFI). This has included coordinating closely with my colleagues in each of the components of TFI—the Office of Intelligence and Analysis, the Office of Foreign Assets Control, the Financial Crimes Enforcement Network, and the Treasury Executive Office for Asset Forfeiture.

In my capacity as Assistant Secretary, I have had the chance to work on many of the issues in TFI, but I have focused most intently on several key issues: First, our use of targeted financial sanctions, as well as outreach to the private sector and foreign governments, to increase pressure on the government of Iran for its continued refusal to live up to its international non-proliferation obligations; second, and relatedly, our efforts to financially isolate and apply pressure on the North Korea regime for its continued provocative conduct; third, our efforts to combat the financing of terrorism, especially financial support for Al Qaeda, the Taliban, and other violent extremist groups in South Asia; and finally, the effort to ensure that information about the true beneficial owners of corporations is available to State and Federal law enforcement and regulators pursuing money laundering and terrorist financing investigations.

Prior to serving as Assistant Secretary, I was an attorney for close to 20 years, in both private practice and in Government. In private practice, I represented institutions and individuals in complex financial investigations and litigation, and counseled clients on their obligations to comply with Treasury's anti-money laundering and economic sanctions laws and regulations. From late-1999 to mid-2001, I served in the Treasury's General Counsel's office, focusing much of my attention on anti-money laundering law and policy.

If confirmed, I look forward to working closely with you, as the Treasury Department continues to implement the President's priorities for safeguarding our financial system from illicit finance. The variety and intensity of these challenges are well known to this Committee. Effectively addressing them requires great vigilance and constant innovation. I would welcome the opportunity to serve our great Nation by taking on these challenges as the leader of Treasury's critical work to fight illicit finance.

In closing, I want to thank the Committee for the attention it has given to my nomination. If confirmed, I intend to work closely with you, Mr. Chairman, the other Members of this Committee and your staff to pursue our shared objective of protecting national security and the integrity of the financial system. I am deeply

committed to maintaining the very productive and close relationship that exists between this Committee and the Office that I have been nominated to lead.

Mr. Chairman, I would be pleased to respond to any questions that you or Members of the Committee may have.

PREPARED STATEMENT OF DANIEL L. GLASER

NOMINEE FOR ASSISTANT SECRETARY FOR TERRORIST FINANCING
DEPARTMENT OF THE TREASURY

MAY 3, 2011

Chairman Johnson, Ranking Member Shelby, and distinguished Members of this Committee: Thank you for the opportunity to appear before you today. It is a tremendous personal and professional honor to have been nominated for the position of Assistant Secretary of the Treasury for Terrorist Financing. I would like to thank President Obama for the confidence he has shown in me by nominating me, and Secretary Geithner for recommending me, for this important position. If confirmed, I will certainly work my hardest to meet their high expectations.

I know time is short, but if you permit me, Mr. Chairman, I would like to introduce the members of my family who are here today—my parents, Gary and Lillian Glaser, my wonderful wife Laura, and our son Ethan. Their love and support over the years have been indispensable, and are an important part of why I am able to sit before you today.

Mr. Chairman, over the course of my career I have served in the area of illicit finance under six Secretaries of the Treasury across three Presidential Administrations. My positions have included serving as an attorney in the U.S. Secret Service Chief Counsel's Office, Senior Counselor for Financial Crimes within the Treasury Department's Office of General Counsel, Director of the Money Laundering and Financial Crimes Section within Treasury's Office of Enforcement, Director of Treasury's Executive Office for Terrorist Financing and Financial Crimes, and since 2004, Deputy Assistant Secretary for Terrorist Financing and Financial Crimes within Treasury's Office of Terrorism and Financial Intelligence. Additionally, I have served, since September 2001, as the head of the U.S. Delegation to the Financial Action Task Force—the premier international body that sets anti-money laundering and counter-terrorist financing standards and works for their global adoption and implementation. I believe this experience has left me well prepared to take on this new position.

Over the course of these years, I am proud to have been part of the team that has built something new and unique at the Treasury Department—a finance ministry with a central role in the development and implementation of national security policy. This evolution began in the late 1990s with Treasury's leading role in the development of the first National Money Laundering Strategies, and culminated in March 2004 with the creation of the Office of Terrorism and Financial Intelligence (TFI). TFI brings together a broad and diverse range of Treasury's authorities and expertise for two goals: protecting the U.S. and international financial systems from abuse, and identifying, disrupting, and dismantling the financial networks that support terrorist groups, organized crime, weapons proliferators, and countries that threaten the national security of the United States. This new approach has been successful. We have made it harder for terrorist groups to raise and move funds, disrupted the financial networks that support drug trafficking organizations, and applied substantial financial pressure on regimes such as Iran and North Korea, while at the same time making it more difficult for them to acquire the material necessary to develop their nuclear programs.

As the central policy office within TFI, the Office of Terrorist Financing and Financial Crimes (TFFC) works to develop and implement strategies, and engages with multilateral bodies, foreign government counterparts and private sector colleagues, to achieve all of these objectives. If confirmed, I will lead TFFC in continuing to develop innovative approaches to undermining illicit finance and strengthening our national security. Challenges abound. From Iran's and North Korea's nuclear programs and other illicit activities, to drug trafficking and criminal organizations in the Western Hemisphere and Eastern Europe, to global terrorist organizations such as Al Qaeda and Hamas, to the new challenges posed by recent developments in the Middle East—never has it been more important to strategically and effectively marshal our financial tools and those of our allies in support of international security.

In closing, I would like to thank the Committee for its time and consideration. If confirmed, I pledge to work closely with you, Mr. Chairman, and other Members

of the Committee and your staff to advance our collective goal of combating illicit finance and protecting America. It is my immense honor to sit here before you today and I would be happy to respond to any questions you or other Members of the Committee may have.

PREPARED STATEMENT OF TIMOTHY G. MASSAD

NOMINEE FOR ASSISTANT SECRETARY FOR FINANCIAL STABILITY
DEPARTMENT OF THE TREASURY

MAY 3, 2011

Chairman Johnson, Ranking Member Shelby, and Members of the Committee, thank you for the opportunity to appear before you today. I am honored that President Obama has nominated me for this position, and I am deeply grateful to Secretary Geithner for his confidence in me.

I would like to introduce my wife Charlotte. Her love and support have always been critical to me. And I want to thank her in particular for all she has done to support me in my work for the Department of the Treasury.

Over the last 2 years, it has been my privilege to be a part of the Treasury team. I joined in May 2009 as Chief Counsel for the Troubled Asset Relief Program, and I had the honor of working closely with former Assistant Secretary Herb Allison, who set an outstanding example for us all. When Mr. Allison decided to return to retirement in September of 2010, Secretary Geithner asked me to serve as Acting Assistant Secretary.

I was born in Louisiana, and lived in Texas, Oklahoma, and Connecticut as a child. All of my grandparents were immigrants who came to this country as teenagers, barely able to speak English and with nothing more than a suitcase. My parents grew up during the Great Depression. Their families struggled to make ends meet. My parents worked hard and provided my siblings and me with many opportunities, and I have been very fortunate as a result.

I often think of the stories my parents told about life during the Great Depression, because this financial crisis has caused many American families to suffer on a scale not seen since that time. As a result of this crisis, millions of people have lost their jobs. Many have lost or are still in danger of losing their homes. Many small businesses have collapsed. Many families have lost their retirement savings, and many young people have had to postpone college plans. We must never forget that this human suffering is the true cost of the financial crisis.

Congress passed the Troubled Asset Relief Program, or TARP, in the midst of this terrible crisis in order to stabilize our financial system. Of course, TARP could not avert or repair all the damage caused by this crisis. However, I strongly believe that without TARP, the suffering would have been much, much worse. While no one liked using taxpayer funds to rescue financial institutions, I believe that TARP—along with the other actions our Government took—helped prevent a catastrophic collapse of our financial system.

Today, our financial system and our economy are much stronger. And important work remains for TARP. First, we must exit our remaining investments in banks and other companies. We have already recovered ⅔ of what was invested, and our economy and our financial system will be stronger if the Government gets out of the business of owning interests in private companies. Second, we must continue to implement and improve our programs to help American families stay in their homes and avoid foreclosure. And third, we must do both of these tasks in a manner that protects taxpayer interests and ensures accountability.

In particular, I want to emphasize the importance of accountability and transparency. This program *must* meet the highest standards. Before joining Treasury, I helped the Congressional Oversight Panel get started. I served as their first special legal advisor on a voluntary basis, and helped write one of their first reports. If confirmed, I will continue to work closely with the Special Inspector General for TARP, the Government Accountability Office, the Financial Stability Oversight Board, as well as this Committee and other Committees of Congress to ensure that the TARP program meets those high standards.

It has been the greatest professional honor of my life to serve my country during this difficult time. I have been fortunate to lead an extremely talented and dedicated team at the Office of Financial Stability I look forward to continuing this work should the Senate choose to confirm me.

Thank you, Chairman Johnson and Ranking Member Shelby for this opportunity. I look forward to your questions.

PREPARED STATEMENT OF WANDA FELTON

NOMINEE FOR FIRST VICE PRESIDENT AND VICE CHAIR
EXPORT-IMPORT BANK OF THE UNITED STATES

MAY 3, 2011

Chairman Johnson, Senator Shelby, and distinguished Members of the Committee, I am honored to appear before you today as a nominee for the position of First Vice President and Vice Chair of the Export-Import Bank of the United States.

If I may, I would like to take a moment to acknowledge my husband, Mike Owens, and my mother, Maro Lester. They are both in attendance. I am also grateful to Ivonia Slade, Lesley Redwine, Grace Speights and my cousin, Brandon Felton, for being here.

To say that I am deeply honored to have the opportunity to serve my country in this capacity does not begin to capture my feelings. I am awed and humbled. I am especially grateful to have the opportunity to serve President Obama.

Briefly, I have more than 25 years of financial industry experience. I began my career as a Loan Officer at Ex-Im Bank. I understand and am committed to the Bank's mission. Creating good-paying jobs that can sustain the American middle-class and promote the competitiveness of U.S. companies overseas, are imperatives in the current economy. To my knowledge, Ex-Im Bank is the only lever available to our Government to accomplish these goals without burdening tax payers. As such, it is a vital tool.

Moreover, I believe the imperative extends beyond the current economic cycle. Maintaining American competitiveness over the long-term is a strategic imperative. President Obama has observed that 95 percent of the world's customers are outside the United States. I believe that American businesses—large and small—must capture a larger share of this market so that our country can continue to prosper.

Under Chairman Hochberg, Ex-Im Bank's activity has increased dramatically with the introduction of innovative programs that stretch every dollar and leverage every resource the Bank has available to it. Ex-Im Bank's support for small businesses is at an all-time high with programs that provide outreach, training and financing to help them penetrate overseas markets and fill a void left by the banking industry. If I am confirmed I will be committed to helping to build on this success.

I believe I bring a skill set that will allow me to make a meaningful contribution. My experience in banking gives me the tools to perform my primary duty which is to assess the creditworthiness of transactions brought before the Board in order to find that there is a reasonable assurance of repayment. Should I be confirmed, I will remain committed to ensuring that the Bank remains self-sustaining. I see the role as fulfilling a fiduciary duty to the American tax payer.

If confirmed, I also feel well suited to help grow U.S. exports in sub-Saharan Africa. I understand this is a congressional mandate and believe I can contribute in this area. I have experience working in South Africa and Nigeria, two of nine countries which Ex-Im Bank has named as primary markets. There is a growing need for services and equipment that can support the development of basic infrastructure, telecom, transportation and other sectors which American businesses can and should supply. I believe that my experience positions me well to pursue this mandate.

For the past 15 years, I have worked on a number of transactions involving emerging markets. A main feature of my career has involved testing the investment merits and risks of various emerging markets. For example, in 1994, I advised CalPERS and New York Common Retirement Fund, as they made their first private equity investments in post-Apartheid South Africa.

Mr. Chairman and Members of the Committee, thank you for the opportunity to seek your support for my nomination. I look forward to answering any questions you may have for me.

PREPARED STATEMENT OF SEAN MULVANEY

NOMINEE FOR DIRECTOR, EXPORT-IMPORT BANK OF THE UNITED STATES

MAY 3, 2011

Mr. Chairman, Senator Shelby, other Members of the Committee, please allow me to start by expressing deep appreciation for the opportunity to appear before you. I am honored to be a candidate for the Board of the Export-Import Bank of the United States. I understand and recognize the importance of the Committee and this hearing. I would also like to thank President Obama for nominating me to this

position as well as Senator McConnell. If confirmed, I would welcome the opportunity to serve.

I am accompanied here today by my wife, Susan, and daughters, Kate, and Rachel. Other members of my family were not able to join me today but I am grateful for their love and support, particularly my mother, Kathryn, and my late father, James.

Over the course of my career, I have had several positions that have contributed to my candidacy for the position of U.S. Export-Import Bank Board member. These positions span the private and public sectors and include experiences in management, U.S. trade policy, budget, and international affairs. If confirmed, I stand ready to leverage these experiences in support of the Bank at this critical time during the on-going U.S. recovery from the economic crisis.

Let me express some key commitments and priorities in this hearing.

First, I would like to express my commitment to the Bank's mission. While Ex-Im may be a small and lean agency, its mission is by no means insignificant or modest. Last year the bank supported over $34 billion of U.S. exports with authorizations of nearly $25 billion. The financing support was essential to sustain over 227,000 American jobs at more than 3,300 companies. Since my nomination, I have had a few opportunities to interact with the Bank's career staff. In these initial meetings, I have quickly appreciated the Bank's professionalism and clear sense of purpose that emanate from its employees. If confirmed, I would be honored to work with Chairman Hochberg and the rest of the organization.

Second, I am committed to the Ex-Im Bank's strong relationship with the legislative branch. The Bank has earned the trust and confidence of this Committee and the Congress. Even though the Bank's operations are self-sustaining, the Bank extends the full faith and credit of the United States as it supports U.S. exports and jobs. It is important that this trust and confidence be preserved in the years ahead, particularly as the Bank seeks reauthorization.

Third, I am committed to the Bank's partnership with other Federal agencies. The Bank plays a vital complementary role to the programming of organizations like OPIC, TDA, USTR, the SBA, and the Department of Commerce. Together, the Bank and the agencies enable greater U.S. economic engagement in the global economy so that the United States can secure growth, job creation, and prosperity.

If confirmed, I would hope to work with Chairman Hochberg and bank staff on a couple of key areas.

First, the Bank has developed a strategic plan for 2010 that includes a number of priorities, including expanding awareness of Ex-Im Bank services through increased outreach and partnerships, increasing the number of small- and medium-sized business using Bank services, and targeting business development in emerging markets with high potential for U.S. export growth. A key statistic I have come to appreciate in this nomination process is the fact that over 20 percent of the dollar value of Bank activities are to the benefit of small business and 85 percent of its transaction volume.

Second, I firmly believe in the practice of measuring for results. I would consider it an important part of my job to understand and improve Bank metrics that give stakeholders a sense of its performance over time, particularly mitigating risk in its operations to the U.S. taxpayer. Again, I appreciate the opportunity to be here today and look forward to answering any questions the Committee may have.

Thank you.

RESPONSE TO WRITTEN QUESTIONS OF CHAIRMAN JOHNSON FROM DAVIS S. COHEN

Iran

Q.1. You indicated in the hearing that you believed the Treasury Department was "close to a decision point" in making certain CISADA-related determinations regarding designations for certain banks. I know various factors inform that decisionmaking process, but in general do you expect those decisions to be made in the next month, the next 3–6 months, or later than that?

A.1. While there are always uncontrollable and unexpected factors that affect the timing of our work, we expect to reach a decision on several open CISADA-related investigations within the next month or so.

Q.2. You indicated in the hearing, in response to my question about sophisticated barter arrangements being used by the government of Iran to circumvent sanctions on its energy industry, that TFI is aware of and monitoring this activity. Can you describe in greater detail how these barter arrangements are structured, and how you might be able to address their use by the Iranian government to circumvent sanctions under current law?

A.2. Treasury is aware that Iran is using a number of means to circumvent sanctions, including bartering arrangements in which it sells oil in exchange for goods in order to avoid accessing the formal financial sector. We assess that Iran is forced to turn to such mechanisms because it is increasingly isolated from the financial sector as a result of international financial sanctions. Treasury has been aggressive in exposing and publicizing Iran's efforts to evade sanctions, and remains committed to taking action in response to activity that implicates existing U.S. or international sanctions against Iran. We are studying whether current law adequately addresses Iran's use of barter arrangements, and if confirmed I look forward to working with you and your colleagues in ensuring that U.S. law appropriately addresses this emerging issue.

Q.3. Since assessing internal bank activity, including correspondent relationship activity, in the detail required by CISADA is a complex undertaking for TFI, do you believe you have sufficient intelligence resources, within the Office of Intelligence Analysis and elsewhere within the intelligence community, to determine what foreign banks are actually doing in this area, and to provide information to support strict enforcement of the new mandatory financial sanction? If you had additional intelligence-related resources, what would you do with them?

A.3. For reasons that I am certain you understand, there is a limit to what I can say in this setting regarding our intelligence resources and capabilities. TFI is fortunate to be the only finance

ministry in the world with an internal intelligence shop, the Office of Intelligence and Analysis (OIA), dedicated specifically to the intelligence related to following the money and combating illicit finance. I am impressed daily by the analysts in OIA. Their work product, as well as the intelligence produced by OIA's sister agencies in the intelligence community, is used daily by TFI in pursuing our work, including implementing CISADA.

I believe the intelligence resources devoted to supporting our policy with respect to Iran, including implementing CISADA, are sufficient.

Libya

Q.4. I know the Administration acted quickly and effectively to freeze approximately $36 billion in assets of the Qadhafi government. What are the Administration's current decision rules, to the extent you can describe them, about how and when and to whom those funds might eventually be released? What standards under current law will you be applying in considering whether to seize and release any frozen assets to the Libyan opposition? What new legal authorities, if any, might be necessary to enable such a release?

A.4. Treasury blocked Libyan government assets within U.S. jurisdiction under Executive Order 13566 in order to hold the Qadhafi regime accountable for its use of violence against unarmed civilians and to protect those assets from misappropriation by Colonel Muammar Qadhafi and his associates. United Nations Security Council Resolutions 1970 and 1973 affirm the intention to ensure that assets frozen under paragraph 17 of United Nations Security Council Resolution 1970 are made available, at a later stage, as soon as possible to and for the benefit of the people of the Libyan Arab Jamahiriya. The Administration has drafted legislation that would authorize the President to confiscate assets frozen under EO 13566 and to use some or all of those assets to defray costs related to providing humanitarian relief to and for the benefit of the Libyan people. We have begun consulting with Congress on this legislation and are hopeful that we can work together to enact it as soon as possible.

Budget: BSA Enforcement

Q.5. The Administration's 2012 budget proposal proposes to limit direct access to BSA data to only State coordinators and to cancel scores of current direct access agreements with State and local law enforcement and regulators, sharply limiting their access to this critical data. I have consulted with law enforcement and regulatory officials in my State and elsewhere, and I believe this would be a serious mistake, and would sharply reduce the effectiveness of State and local law enforcement and regulatory efforts in this area. Will you work with authorizing and appropriations Committees of Congress, and internally with the Treasury Department, to reverse this proposal, and to ensure full funding to provide continuing unfettered direct access to BSA data for State and local officials?

A.5. I fully agree that BSA information plays a critical role in investigations and proceedings at all levels. I am committed to working with you and your colleagues to identify a meaningful solution

that will provide a continuation of support to State and local law enforcement and regulatory agencies.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR SHELBY FROM DAVID S. COHEN

Q.1. In reference to Treasury's proposed rule implementing section 104(e) of the Comprehensive Iran Sanctions, Accountability, and Divestment Act Act of 2010 ("CISADA"), what performance measures is the Office of Terrorism and Financial Intelligence ("TFI") contemplating using to satisfy its congressional oversight obligation?

A.1. We will use Performance Measure #1, "Impact of TFI's Programs and Activities," included in the *Department of the Treasury's Fiscal Year 2010 Annual Performance Report,* which measures TFI's impact as an organization through its sanctions, law enforcement, intelligence, regulatory and diplomatic programs to reduce threats to U.S. national security. In doing so, we will ensure that Congress is kept apprised of developments pursuant to the implementation of this regulation. In addition, if desired, we will keep the Committee apprised of when requests for information pursuant to the rule implementing section 104(e) are sent to U.S. banks, including the number of U.S. banks that receive a request and the number of foreign banks that are the subjects of the request.

Q.2.–1. In reference to CISADA and its implementation, generally, how does Treasury interpret and execute the various clauses to "consult with the Secretary of State?"

More specifically, how are conflicts of policy and intention to sanction a proven illicit financial entity resolved?

Q.2.–2. What conflicts of policy exist in the sanctioning of a proven illicit financial institution?

Q.2.–3. Can you provide an example of where a conflict of policy prevented a proven CISADA violator from being sanctioned?

A.2.1.–3. The Treasury Department has been in close contact with the State Department throughout our CISADA implementation efforts. Treasury and State have coordinated various outreach events, shared information about activities of concern, and utilized the combined resources available in our Embassies abroad to engage with foreign counterparts.

Treasury interprets and executes the clause in CISADA that requires the Secretary of the Treasury to "consult with" the Secretary of State in the same way as similar clauses are interpreted in Executive Orders, including E.O. 13224 (terrorism) and E.O. 13382 (WMD proliferation)—that is, we engage with our colleagues at State (as well as our colleagues in other Departments and agencies as appropriate) on an ongoing and collaborative basis. As in many contexts, Executive agencies discuss their perspectives and elevate as appropriate to achieve resolution. As required by CISADA, Treasury consults with State in taking steps with respect to the financial provisions of CISADA. I am not aware of any circumstance in which a conflict in policy has prevented sanctions from being imposed on an entity engaged in activities that are sanctionable under CISADA.

Q.3.–1. The Financial Crimes Enforcement Network ("FinCEN") can be said to be the public face of the Office of Terrorism and Financial Intelligence (TFI). It works directly with financial institutions, international, Federal, State, and local law enforcement, and banking regulators, all in attempt to be one step ahead of illicit actors intent on using our banks to launder money or finance terror.

TFI now has a number of new regulatory initiatives in the FinCEN pipeline, and some of them will bring entire new industries under the purview of the Bank Secrecy Act ("Bank Secrecy Act") for the first time.

How have the roles and responsibilities of FinCEN been changed or strengthened since the formation of TFI?

A.3.–1. The growth of FinCEN's responsibilities is commensurate with the expansion of covered financial institutions subject to the BSA, and with the increased focus on the financial component of criminal investigations by law enforcement and FinCEN's Financial Intelligence Unit counterparts globally. As an integral part of TFI, FinCEN is also involved in our overall efforts to effectively apply our sanctions and other authorities, as well as engagement with foreign counterparts on systemic illicit finance issues.

Q.3.–2. Are current staffing and funding levels sufficient to maintain these new programs, without instituting cuts in other areas of FinCEN's work, or are they lacking?

A.3.–2. I believe that FinCEN's current staff and funding levels are sufficient to maintain these programs.

Q.3.–3. Will you ensure this Committee that Treasury will preserve the State and local law enforcement BSA direct access agreements, from either being curtailed or eliminated?

A.3.–3. I am committed to working with you and your colleagues to identify a meaningful solution that will provide a continuation of support to State and local law enforcement and regulatory agencies so that critical law enforcement functions are not impaired.

Q.4.–1. The central role that offshore correspondent accounts and shell companies may play in illicit financing cannot be underestimated.

Can you assure this Committee that it will be consulted, briefed, and included on any efforts to reform the laws of limited liability companies as they pertain to the jurisdiction of this Committee?

A.4.–1. Yes, Treasury will continue to work with the Members of this Committee on this priority of the Treasury Department.

Q.4.–2. Is Treasury actively engaged right now on any such efforts?

A.4.–2. We continue to be engaged in efforts to address the issue of disclosure of the beneficial owners of limited liability companies. We have had conversations with the Congress on legislation in this area, and have prepared our own legislative proposal in an effort to find a meaningful solution to this vulnerability.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR SCHUMER FROM DAVID S. COHEN

Q.1. More than 10 months after Congress enacted new Iran sanctions, no foreign, non-Iranian, bank has been sanctioned by this

Administration pursuant to the requirements of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010. If confirmed—do you plan to shift course and immediately sanction a non-Iranian bank(s) as the sanctions law gives you the power do?

A.1. The Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (CISADA) has been an enormously effective tool in achieving the law's key objective—to increase Iran's isolation from the international financial system. Since the enactment of CISADA on July 1, 2010, and the publication of the Iranian Financial Sanctions Regulations on August 16, 2010, Treasury has been engaged in an aggressive campaign, involving dozens of foreign countries and scores of financial institutions, to explain the choice put to foreign financial institutions by CISADA between continued access to the U.S. financial system or continued involvement with Iran's proliferation efforts, its support for terrorism, and sanctioned Iranian-linked parties such as U.S.-designated banks and the Islamic Revolutionary Guard Corps. The response to Treasury's outreach has been very positive, and the great majority of financial institutions with which we have engaged have chosen to close their correspondent accounts with U.S.-designated, Iranian-linked financial institutions, thus closing off avenues that Iran's designated banks had relied upon to engage in financial activities. Nonetheless, Treasury has concerns that a limited number of financial institutions may be continuing to engage in activities that could result in a finding under CISADA. We are actively investigating those situations, and are moving toward closure within the next month or so.

Q.2. Treasury has also failed to impose any specific sanctions against Bank Markazi (Iran's Central Bank) which, according to a February 25, 2008, Wall Street Journal story, is helping other Iranian banks circumvent the U.S. and U.N. banking pressure. Are you able to explain Treasury's failure to sanction Iran's Central Bank? And, if confirmed, would you take immediate steps to finally sanction Bank Markazi?

A.2. The activities of the Central Bank of Iran (CBI) have been, and continue to be, a focus of the Treasury Department. Treasury has noted previously that the CBI and Iranian commercial banks have requested that their names be removed from international payment messages to make it more difficult for intermediary financial institutions to determine the true parties to the transaction, and we remain concerned that the CBI may be facilitating transactions for sanctioned Iranian banks.

While the CBI has not been designated under our proliferation authorities, under the Iranian Transactions Regulations U.S. financial institutions are prohibited, with only limited exceptions, from doing business directly or indirectly with all Iranian banks, including the CBI. As highlighted in UNSCR 1929, we remain vigilant over the activities of the CBI and other Iranian financial institutions, and the United States will continue to highlight its concerns with foreign governments and the private sector. We have been diligent in exposing and publicizing Iran's deceptive practices, as a result of which many in the private sector—unable to distinguish between Iran's legitimate and illicit transactions—have become in-

creasingly wary of engaging in any business with Iran, including business with the CBI.

Financial Crimes Enforcement Network

Mr. Cohen, I understand that the Department of Treasury has submitted a budget to Congress that would cut direct local and State access to the Bank Secrecy Act database. Doing this would save about $1.3 million in your budget. While I fully appreciate and take seriously the need to save money, I am very concerned that this measure would be penny-wise and pound-foolish. In fact, I wrote to my colleagues on the appropriations committee to ask them to restore full funding for access to the BSA database in the FY 2012 budget.

Here are my questions for you:

Q.3.–1. In 2009, the GAO issued a report in which 16 out of 20 law enforcement agencies said that direct access to the BSA database was the most useful part of FinCEN's services. Do you agree that the BSA database is a major force multiplier that has no substitute at the State or Federal level?

A.3.–1. Yes.

Q.3.–2. In New York, many law enforcement agencies routinely rely on direct access to this information to conduct sophisticated investigations into terror financing, mortgage fraud, drug trafficking, and other serious crimes that involve hiding financial proceeds. I understand that the plan to cut direct access, as conceived, would replace direct access with a middleman, through whom all search requests would have to be funneled. How will this affect the speed and quality of the searches that are now conducted by the on-the-ground investigators who are directly involved with local cases?

A.3.–2. I do not believe there are any specific metrics that would capture the impact of this budget reduction on individual case investigations, but I acknowledge that there would likely be some impact. I am committed to working with you and your colleagues to identify a meaningful solution that will provide a continuation of support to State and local law enforcement and regulatory agencies so that critical law enforcement functions are not impaired.

Q.3.–3. I hope that this funding will be restored through the budget process.

Would you support the full restoration of funding?

A.3.–3. As noted, I am committed to working with you and your colleagues to identify a meaningful solution that will provide a continuation of support to State and local law enforcement and regulatory agencies.

Q.3.–4. If it is not restored, will you work to make sure that neither the quality nor quantity of information is restricted for local enforcement agencies that need it?

A.3.–4. Yes.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR BROWN FROM DAVID S. COHEN

Q.1. Are you investigating foreign banks today for possible violation of CISADA?

A.1. Yes, we are currently investigating several foreign banks for activities that may result in findings under CISADA.

Q.2. If a foreign central bank is supporting Iran's proliferation activities or facilitating the activity of entities under U.S. or U.N. sanctions, would it be sanctionable?

A.2. Yes, a foreign central bank, like any other person or entity, may be subject to designation or other sanctions under U.S. law for supporting Iran's proliferation activities or providing material support to persons designated under U.S. counter-proliferation sanctions.

Q.3. What financial tools does the United States have to press China to reduce its relationship with Iran?

A.3. China voted for all relevant United Nations Security Council Resolutions relating to Iran, and has publicly committed to implementing them. Treasury has actively engaged with the Chinese government on this basis, encouraging a broad interpretation of both the letter and spirit of the Resolutions, and providing specific information to enable a robust Chinese implementation. Moreover, Treasury has communicated directly with large Chinese banks through their offices in the United States to ensure that they understand the risks they face from financial activities with Iran. We believe this ongoing engagement with China has been productive. Beyond this engagement, Treasury retains the same diverse set of tools it has available to protect the U.S. financial system from all illicit activity, including anti-money laundering authorities grounded in the Bank Secrecy Act and USA PATRIOT Act and sanctions authorities grounded in the International Emergency Economic Powers Act (IEEPA) and CISADA.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR VITTER FROM DAVID S. COHEN

Q.1.–1. In your role as a Senior U.S. Treasury official and Acting Undersecretary for Terrorism and Financial Intelligence, you recently traveled to France and Turkey to discuss ongoing measures against the regimes in Iran and Libya. Including multilateral sanctions, and in your own words to "urge full and robust implementation of U.N. Security Council resolution 1929 against Iran."

Given your statement, do you believe that current efforts, including those of the Treasury Department are falling short of FULL implementation?

A.1.–1. The international community has responded to UNSCR 1929 with an unprecedented and comprehensive framework of new sanctions against Iran. In particular, the EU Council Decision of July 2010 provided a model that has been replicated by other major jurisdictions throughout the world, including Japan, South Korea, Australia, and Switzerland, among others. As Iran continues to seek new ways to evade international sanctions and continues to

defy the international community, the Treasury Department and the broader U.S. Government will continue to work aggressively to impose our own sanctions as well as with our international partners to identify and implement measures that are consistent with and strengthen the multilateral sanctions framework.

Q.1.–2. If nominated would you consider the imposition of sanctions, as required under CISADA, against Turkish financial institutions that are currently doing business with designated Iranian banks?

A.1.–2. Yes.

Q.2.–1. As I understand it, the rate of issuing the draft rule appears to be abysmal with disregard to the severity of the situation should the sanctions fail to be fully utilized to impede Iran from achieving nuclear capabilities. I have serious concerns over the Treasury's apparent lack of enforcement of Comprehensive Iran Sanctions Accountability and Divestment Act (CISADA). The recent draft rule to implement Section 104(e) of the Comprehensive Iran Sanctions and Divestment Act (CISADA) published by the Treasury Department was not published until over 10 months after being signed by President Obama.

What does your department need to expedite the enforcement for CISADA?

A.2.–1. Our initial CISADA implementation efforts focused on issuing a regulation implementing section 104(c) of CISADA. On August 16, 2010, the Office of Foreign Assets Control (OFAC) published the Iranian Financial Sanctions Regulations, which implement that section.

Section 104(e) of CISADA complements section 104(c). It requires the Secretary to prescribe regulations to establish one or more of four specific requirements (set out in section 104(e)(1)(A)–(D)) for U.S. financial institutions maintaining correspondent accounts for foreign financial institutions. The time it took to publish the proposed rule does not reflect a lack of seriousness on our part; rather, it reflects a desire to craft a rule that will best achieve our policy aims in this complex and novel context. Because we are mindful of the need to obtain the information targeted by the section 104(e) rule as expeditiously as possible, we issued the proposed rule with a 30-day comment period (quite often, proposed rules have 45- or 90-day comment periods). You have my assurance that, once the comment period closes on June 1, we will move to publish a final rule as quickly as possible, and, if confirmed, I will ensure that the tool created by the rule is used aggressively.

Q.3. When Congress passed the 1996 Iran-Libya Sanctions Act, it did so with the aim to compel foreign companies to diverge from trading with Iran. Yet, over the past 15 years despite additional international sanctions and the CISADA being signed last year, a failure to enact sanctions has produced an unmistakable message and precedent of allowing foreign companies to do business as usual with Iran. Additionally, I have seen reports that Iran circumvents current laws by altering the material grade of its gasoline, and continues to use foreign countries that regularly do business with the United States.

What policies are you currently developing to track documentation of cocktail blends of gasoline to determine whether products originated in Iran?

A.3. The State Department is responsible for implementing the Iran Sanctions Act and the energy related provisions of CISADA, and as a result, I must defer to the State Department on any questions regarding energy-related sanctions.

Q.4.–1. Additionally, I have concerns over the Treasury Department's interpretation of Section 104(e). As I understand it, the draft rule published by Treasury in the Federal Register on April 27, 2011, has misinterpreted Section 104(e) as discretionary and infrequent.

Please spell out the scope of the agency's authority to issue and implement these comprehensive sanctions?

A.4.–1. Please see below answer.

Q.4.–2. Please explain your understanding of Section 104(e) as well as what institutions this section will be applied?

A.4.–2. Treasury does not interpret section 104(e) to be discretionary. To the contrary, we understand section 104(e) to require the Secretary to prescribe regulations mandating that domestic financial institutions take one or more actions, one of which is to provide requested reports to Treasury, and we believe that the proposed rule reflects this understanding.

We have proposed to target this reporting requirement on those foreign banks that the Department has reason to believe may be engaged in activities that may be sanctionable under section 104(c) of CISADA. We considered requiring every U.S. bank to provide periodic reports from every foreign bank for which they maintain correspondent accounts, but concluded that we would be better served by a rule that focused on those foreign banks that are of interest for purposes of CISADA. By requiring reports from those U.S. banks that maintain correspondent accounts with the specific foreign banks that are of interest to Treasury for purposes of CISADA implementation, we believe that Treasury will receive the information needed without generating a multitude of unnecessary and uninformative reports.

The reporting requirement in the proposed rule, moreover, is scalable. Based on the circumstances, it permits Treasury to expand the number of U.S. banks that would be required to file reports, as well as the number of foreign banks from which information would be sought. For instance, if Treasury were unsure which U.S. bank maintains a correspondent account with a specific foreign bank, the requirement to file reports could be expanded to cover a broader number of U.S. banks to ensure that the information sought is captured.

Q.4.–3. What actions were taken during the last 10 months to backlog and track transactions that violate Section 104(e)?

A.4.–3. Since the enactment of CISADA on July 1, 2010, and the publication of the Iranian Financial Sanctions Regulations (IFSR) on August 16, 2010, Treasury has been engaged in an aggressive campaign, involving dozens of foreign countries and scores of financial institutions, to explain the choice put to foreign financial insti-

tutions by CISADA between continued access to the U.S. financial system or continued involvement with Iran's proliferation efforts, its support for terrorism, and sanctioned Iranian-linked parties such as U.S.-designated banks and the Islamic Revolutionary Guard Corps. The response to Treasury's outreach has been very positive, and the great majority of financial institutions with which we have engaged have chosen to close their correspondent accounts with U.S.-designated, Iranian-linked financial institutions, thus closing off avenues that Iran's designated banks had relied upon to engage in financial activities. CISADA, in short, has proven to be a very powerful tool to further isolate and pressure Iran—precisely what we understand Congress intended in enacting the law. Nonetheless, Treasury has concerns that a limited number of foreign financial institutions may be continuing to engage in activities that could result in a finding under CISADA. We are actively investigating those situations, and are moving toward concluding our investigations within the next month or so.

Q.4.–4. As the language mentioned above is draft language, do you intend to modify the language to more clearly reflect the intention of CISADA?

A.4.–4. Fully implementing CISADA, and the Administration's sanctions strategy more broadly, to hold Iran accountable for its persistent refusal to comply with its international non-proliferation obligations and its continued illicit conduct is an obligation we take very seriously. We crafted the proposed rule with that in mind, and are fully prepared to modify the rule before it is issued in final form to more effectively support this overarching objective. We will review all of the public comments we receive on this proposed rule and assess whether any changes to the proposed rule should be made based on those responses.

Q.4.–5. What policies are being considered to improve Congress oversight of this implementation?

A.4.–5. We will use Performance Measure #1, "Impact of TFI's Programs and Activities," included in the *Department of the Treasury's Fiscal Year 2010 Annual Performance Report,* which measures TFI's impact as an organization through its sanctions, law enforcement, intelligence, regulatory and diplomatic programs to reduce threats to U.S. national security. In doing so, we will ensure that Congress is kept apprised of developments pursuant to the implementation of this regulation. In addition, if desired, we will keep the Committee apprised of when requests for information pursuant to the rule implementing section 104(e) are sent to U.S. banks, including the number of U.S. banks that receive a request and the number of foreign banks that are the subjects of the request.

Q.5.–1. Trade continues to be increasingly used to disguise illegal activities of rogue states and money laundering to support illicit nuclear programs. Other than proposing a new international standard with the Financial Action Task Force and assisting the Department of Homeland Security and State Department with the Trade Transparency Unit program, what initiatives has the Treasury Department implemented to address trade based money laundering?

A.5.–1. Treasury works closely with Immigration and Customs Enforcement (ICE) and other interagency partners, including the Drug Enforcement Agency, to combat trade based money laundering (TBML).

One recent example involves an action taken by Treasury in February 2011, when we identified the Lebanese Canadian Bank (LCB) in Beirut, Lebanon as a financial institution of "primary money laundering concern" under Section 311 of the USA PATRIOT Act for its role in facilitating the money laundering activities of an international narcotics trafficking and money laundering network. This network moved drugs from South Africa to Europe and the Middle East via West Africa and laundered hundreds of millions of dollars monthly through accounts held at LCB, as well as through TBML involving consumer goods throughout the world.

Treasury also conducts targeted outreach to key countries on the dangers of the trade system being abused by WMD proliferators. For example, Treasury, in conjunction with the State and Commerce Department, worked with Malaysia during the development of Malaysia's implementing regulations for its Strategic Trade Act in an effort to establish financial controls to guard against WMD proliferation through its trade sector. In addition, Treasury has presented at State's Export Control and Related Border Security Program (EXBS) conferences to raise awareness of WMD proliferation financing and possible ways to combat such financing.

Q.5.–2. Do foreign trade zones (FTZs) have the proper level of vigilance necessary to mitigate illicit and potentially dangerous cargo slipping into a country?

A.5.–2. Activities that take place within free trade zones (FTZs) as well as the laws and regulations governing FTZs vary greatly by jurisdiction. The Financial Action Task Force has published a typology of potential money laundering and terrorist financing vulnerabilities associated with FTZs including the inconsistent application and enforcement of anti-money laundering and counter-terrorist financing laws within FTZs.

Q.5.–3. Additionally, please expand on any trade ties that you see as potential to provide Iran cover to mask illicit transactions.

A.5.–3. The Treasury Department has consistently cautioned that all business with Iran carries a risk of supporting Iran's illicit activity, and as such requires an extremely high level of scrutiny and due diligence to ensure that Iran is not using seemingly legitimate activity to mask illicit transactions. The current international sanctions regime, however, does not call for a trade embargo on Iran, thus legitimate trade with Iran continues to occur. The U.S. Government has reached out to countries, such as Turkey, that have expressed a desire to expand trade with Iran to share with them the importance of great vigilance in all trade with Iran. This outreach emphasizes that, as Iran is increasingly isolated from major trading centers, those countries that maintain or increase their trade ties with Iran are at a greater risk of being used by Iran to conceal proliferation-related transfers amidst legitimate trade flows.

Q.6.–1. As part of sanctions against Iran, U.S. financial systems may freeze out banks involved in significant transactions with proscribed Iranian banks.

Do you know of any instances where the United States is aware of but not currently implementing full use of this?

A.6.–1. No, I am not aware of any such instances.

Q.6.–2. Has the Treasury Department sanctioned any foreign, non-Iranian bank pursuant to the Comprehensive Iran Sanctions Accountability and Divestment Act (CISADA)?

A.6.–2. To date, the Treasury Department has not sanctioned any foreign, non-Iranian bank pursuant to CISADA. Nonetheless, Treasury has concerns that a limited number of financial institutions may be continuing to engage in activities that could result in a finding under CISADA. We are actively investigating those situations. While there are always uncontrollable and unexpected factors that affect the timing of our work, we expect to reach a decision on several open CISADA-related investigations within the next month or so.

Q.7. The Treasury Department, as well as the U.S. Congress, have repeatedly raised concerns about the role of the Central Bank of Iran—that it facilitates Iran's illicit financial activities—and has warned banks to exercise extreme caution in dealing with it. In September, the Treasury Department sanctioned the bank EIH, incorporated in Germany, for allegedly providing financial services to Iranian WMD proliferators and facilitating transactions on behalf of other sanctioned Iranian banks. Secretary Cohen, in your testimony to the Finance Committee last month, you said the United States is "working aggressively to try and shut down the Iranians' ability to use that financial institution [EIH]."

Why hasn't the United States taken more action against foreign banks that continue to work with EIH as required by CISADA?

A.7. Treasury has been working closely with our European allies, particularly Germany, to urge them to take action against EIH to ensure that this U.S.-designated, Iranian-owned institution can no longer serve as Iran's key access point to the European financial sector, and we believe that our European partners understand the threat posed by EIH's continued operation. Moreover, as Treasury has become aware of instances in which foreign financial institutions engage in transactions with EIH, Treasury has informed these foreign financial institutions and their regulators of the potential consequences under CISADA of engaging in such transactions.

Q.8. Additionally, I have concerns about the potential sale of the New York Stock Exchange to Deutsche Boerse; specifically I am concerned about the activity of Deutsche Boerse's subsidiary Clearstream Banking S.A. in Iran. I am also troubled that Luxembourg's lax anti-money laundering laws have allowed Clearstream to engage in questionable activity. While Luxembourg has implemented regulations over the past year to improve enforcement after the Financial Action Task Force (FATF) questioned its practices, much greater steps must be taken.

Have Treasury Department officials raised concerns with officials from Luxembourg about Iranian money laundering efforts?

A.8. Treasury has long maintained a close and cooperative dialogue with the Luxembourg government and its banking regulators. Within the context of that relationship, senior Treasury officials have engaged the government of Luxembourg about the risks of doing business with Iran. Most recently, former Under Secretary Stuart Levey traveled to Luxembourg in January 2011 for consultations with the Luxembourg government about Iran, among other issues.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR JOHANNS FROM DAVID S. COHEN

Q.1. Despite the Administration's description of Syrian President Bashar Assad's regime as "barbaric," why has President Assad himself not been sanctioned since the beginning of the unrest?

A.1. On April 29, the President signed Executive Order 13572 targeting those responsible for human rights abuses in Syria, including those related to repression. Several high-ranking Syrian officials, the Syrian General Intelligence Directorate and the Iranian Islamic Revolutionary Guard Corps—Qods Force were listed in the Annex to E.O. 13572. Included in this listing is Syrian President Bashar Assad's brother Mahir, a brigade commander in the Syrian Army's 4th Armored Division, who has played a leading role in the Syrian regime's reprehensible actions in Dar'a, where protesters have been killed by Syrian security forces. While we do not comment on prospective actions, we continue to monitor the situation in Syria closely and are actively developing new designation targets. The Statement issued by the White House Press Secretary on Friday, May 6, put it well:

> Absent significant change in the Syrian government's current approach, including an end to the government's killing of protestors and to the arrest and harassment campaigns of protestors and activists, coupled with a genuine political reform process responsive to the demands of the Syrian people, the United States and its international partners will take additional steps to make clear our strong opposition to the Syrian government's treatment of its people.

Q.2. Is there evidence that Syrian financial institutions have conducted sanctionable activities with Iranian organizations or with the Lebanese Hezbollah? If they have, how have they been sanctioned?

A.2. In 2004, Treasury identified the Commercial Bank of Syria (CBS), along with its subsidiary Syrian Lebanese Commercial Bank, as a financial institution of "primary money laundering concern" under Section 311 of the USA PATRIOT Act. This action was based on information that CBS had been used by terrorists and their sympathizers, in addition to having acted as a conduit for the laundering of proceeds generated from the illicit sale of Iraqi oil. In February 2011, Treasury identified the Lebanese Canadian Bank in Beirut, Lebanon, as a primary money laundering concern for the bank's role in facilitating the money laundering activities of an international narcotics trafficking and money laundering network. U.S. Government information indicates that Hizballah de-

rived financial support from the network's criminal activities. Additionally, Treasury has sanctioned regional banks affiliated with Hizballah, including the 2006 designation of Bank Saderat Iran, which had funneled $50 million to a Hizballah-controlled institution. We will continue to take aggressive measures in Syria, or anywhere we identify financial connections to Iran or Lebanese Hizballah.

Q.3. Elements of Turkey's recent foreign policy have been extremely unhelpful, such as its involvement with the Gaza flotilla incident last May and its resistance to new sanctions on Iran. How would you describe Turkey's cooperation with the U.S. sanctions regime on Iran in general and CISADA in particular?

A.3. As part of Treasury's ongoing global engagement on Iran, I traveled to Turkey recently to meet with senior Government officials to discuss global efforts to impose sanctions against Iran for its failure to live up to its international non-proliferation obligations. Turkish officials emphasized their desire to prevent Iran from acquiring nuclear weapons capability and their commitment to fully implementing UNSCR 1929. Because several of the key financial provisions in UNSCR 1929—in particular, paragraphs 21 and 23—call upon Member States to take steps beyond what is explicitly mandated by the Resolution, *e.g.,* freezing the assets of specifically designated institutions, I emphasized for my Turkish counterparts the importance of adhering not just to the letter, but also to the spirit, of UNSCR 1929. Thus far, the Turkish authorities have not adopted an approach to the implementation of UNSCR 1929 that reflects this view. Treasury will continue to encourage Turkey's leadership to ensure a robust implementation of the international sanctions regime and to be vigilant concerning Iranian efforts to take advantage of Iran's commercial ties with Turkey to abuse the Turkish financial system.

With regard to CISADA, Treasury has been in contact with the Turkish government and its banking regulators about CISADA-related concerns. The response from the government and the regulators has been quite positive in terms of recognizing how the law functions and the importance of Turkish banks maintaining access to the U.S. financial system.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR KIRK FROM DAVID S. COHEN

Background: On March 28, 2011, Senator Kyl, Senator Lieberman and I sent a letter to Secretary Geithner along with a classified annex detailing specific concerns about sanctionable activities involving energy investments in Iran, the provision of refined petroleum to Iran, financial relationships with Iran, as well as the regime's proliferation activities. To date, we have not received any specific responses to each individual activity detailed in our annex.

Q.1. While I appreciate your recent unclassified response, when will the Treasury Department be providing written classified responses to each sanctionable activity outlined in our March 28th letter?

A.1. As a matter of longstanding policy, Treasury does not comment on any possible or pending law enforcement investigation, including possible designations or sanctions. Accordingly, it would not be appropriate for me to comment on any particular financial institution, entity or person that may be under investigation until a final determination has been made regarding a designation or similar action. As noted in my response dated May 2, 2011, I am very familiar with the finance-related issue addressed in the classified annex to your letter, and my team and I are pursuing that matter—as well as several other similar matters—with a great sense of urgency.

Q.2. Why have no banks been sanctioned under the Comprehensive Iran Sanctions and Divestment Act (CISADA)? Is it your contention that no foreign, non-Iranian bank has engaged in sanctionable activity pursuant to Section 104 of CISADA?

A.2. Since the enactment of CISADA on July 1, 2010, and the publication of the Iranian Financial Sanctions Regulations (IFSR) on August 16, 2010, Treasury has been engaged in an aggressive campaign, involving dozens of foreign countries and scores of financial institutions, to explain the choice put to foreign financial institutions by CISADA between continued access to the U.S. financial system or continued involvement with Iran's proliferation efforts, its support for terrorism, and sanctioned Iranian-linked parties such as U.S.-designated banks and the Islamic Revolutionary Guard Corps. The response to Treasury's outreach has been very positive, and the great majority of financial institutions with which we have engaged have chosen to close their correspondent accounts with U.S.-designated, Iranian-linked financial institutions, thus closing off avenues that Iran's designated banks had relied upon to engage in financial activities. CISADA, in short, has proven to be a very powerful tool to further isolate and pressure Iran—precisely what we understand Congress intended in enacting the law. Nonetheless, Treasury has concerns that a limited number of foreign financial institutions may be continuing to engage in activities that could result in a finding under CISADA. We are actively investigating those situations, and are moving toward concluding our investigations within the next month or so.

Q.3. Are you currently investigating foreign banks for possible violation of CISADA and do you expect determinations to be made soon?

A.3. Yes, we are currently investigating several foreign banks for activities that may result in findings under CISADA. These investigations involve obtaining data from multiple sources, engaging in dialogue with the financial institutions and/or their home-country regulators, and using official channels to highlight the seriousness of the situation. We expect that several investigations will reach their conclusion within the next month or so.

Background: Last week, the Financial Crimes Enforcement Network (FinCEN) issued a proposed rule to implement key requirements of the Comprehensive Iran Sanctions Accountability and Divestment Act (CISADA). Under the proposal, U.S. banks would be required to inquire of their foreign correspondent banks whether

they maintain correspondent relations with Iranian banks under U.S. sanctions—but only when specifically asked to do so by the Treasury Department. Under such circumstances, the U.S. bank would also be required to ask whether that foreign bank has processed transfers of funds on behalf of the IRGC in the past 90 days. At the end of this process, U.S. banks would then be required to report this information back to FinCEN.

Q.4. Why under the proposed rule are U.S. banks that maintain foreign correspondent accounts only required to provide FinCEN with information about foreign partners when the Treasury Department makes an inquiry?

A.4. We have proposed to target this reporting requirement on those foreign banks that the Department has reason to believe may be engaged in activities that may be sanctionable under section 104(c) of CISADA. We considered requiring every U.S. bank to provide periodic reports from every foreign bank for which they maintain correspondent accounts, but concluded that we would be better served by a rule that focused on those foreign banks that are of interest for purposes of CISADA. By requiring reports from those U.S. banks that maintain correspondent accounts with the specific foreign banks that are of interest to Treasury for purposes of CISADA implementation, we believe that Treasury will receive the information needed without generating a multitude of unnecessary and uninformative reports.

The reporting requirement in the proposed rule, moreover, is scalable. Based on the circumstances, it permits Treasury to expand the number of U.S. banks that would be required to file reports, as well as the number of foreign banks from which information would be sought. For instance, if Treasury were unsure which U.S. bank maintains a correspondent account with a specific foreign bank, the requirement to file reports could be extended to a broader number of U.S. banks to ensure that the information sought is captured.

Q.5. Do you or do you not believe U.S. banks that maintain foreign correspondent accounts [should] be required to ensure their foreign partners are not conducting business with prohibited entities in Iran at all times?

A.5. Under section 312 of the USA PATRIOT Act and its Bank Secrecy Act (BSA) implementing regulations, every U.S. bank is required to "establish a due diligence program that includes . . . policies, procedures, and controls that are reasonably designed . . . to detect and report, on an ongoing basis, any known or suspected money laundering activity conducted through or involving any correspondent account established, maintained, administered, or managed by such covered financial institution in the United States for a foreign financial institution." In addition, U.S. banks monitor the transaction activity that is conducted through the U.S. banks' correspondent accounts with foreign banks in order to comply with the Office of Foreign Assets Control's ("OFAC") regulations. Because of the due diligence U.S. banks conduct over their foreign correspondent accounts to comply with the BSA and OFAC regulations, a foreign bank should not be utilizing its U.S. correspondent account to conduct transactions with designated entities in Iran.

Indeed, it would be a violation of law and OFAC regulations for a U.S. bank to process any non-exempt, unlicensed transactions with any Iranian bank.

In the normal course of business, however, U.S. banks are not likely to be in a position to monitor transactional activity between a foreign bank and its non-U.S. customers—that is, transactions not involving the U.S. bank's correspondent account, including transactions with U.S.-designated Iranian-linked financial institutions or with the Islamic Revolutionary Guard Corps (IRGC) or its U.S.-designated agents or affiliates. In proposing a rule to implement section 104(e) of CISADA, Treasury tentatively determined that the most sensible way for U.S. banks to determine whether foreign banks are doing business with those designated persons (transactions that almost certainly would not transit through the U.S. correspondent account) would be to require the U.S. banks to ask the foreign bank to certify that it is not doing business with those persons, or to report to the U.S. bank on any such business it is doing. We have chosen a targeted approach to requesting information regarding certain foreign banks both because we thought it would be the most efficient way to collect this information and because the mere act of asking may pressure those targeted foreign banks to discontinue business with U.S.-designated Iranian-linked financial institutions or with the IRGC or its U.S.-designated agents or affiliates.

Q.6. Do you or do you not believe U.S. banks should be required to provide such information to the Treasury Department as soon as they are aware of it to enable swift and appropriate enforcement action?

A.6. U.S. banks are already monitoring the transaction activity that is conducted through the U.S. banks' correspondent accounts with foreign banks under both OFAC and the BSA regulations, and a variety of regulations require or result in U.S. banks reporting any improper activity in their correspondent accounts promptly to the Treasury Department. As noted above, however, in the normal course of business U.S. banks are not likely to be in a position to monitor transactional activity between a foreign bank and its non-U.S. customers, unless the foreign bank conducts transactions for those customers through the foreign bank's correspondent account with the U.S. bank. Requiring U.S. banks to obtain this information with regard to foreign banks that are of interest to the Treasury Department will provide Treasury with information that Treasury may use in taking action under CISADA or other applicable authorities, and we have drafted the proposed rule implementing section 104(e) to accomplish this goal.

Q.7. Your proposed regulation refers to the invocation of the reporting requirement "as necessary." Could you please explain why FinCEN has made optional a requirement mandated by CISADA and can you describe a situation when this requirement would not be necessary?

A.7. We have proposed to target this mandatory reporting requirement on those foreign banks that the Department has reason to believe may be engaged in sanctionable activities under section 104(c) of CISADA. We considered requiring every U.S. bank to provide

periodic reports from every foreign bank for which they maintain correspondent accounts, but concluded that we would be better served by a rule that focused on those foreign banks that are of interest for purposes of CISADA. By requiring reports from those U.S. banks that maintain correspondent accounts with the specific foreign banks that are of interest to Treasury for purposes of CISADA, we believe that Treasury will receive the information needed without generating a multitude of unnecessary and uninformative reports. There are a number of foreign banks that maintain correspondent accounts with U.S. banks, many of which the Department has no reason to suspect are doing business that implicates CISADA.

Q.8. The proposed rule requires banks to report whether the foreign bank has correspondent relations with sanctioned Iran bank or has processed fund transfers on behalf of the IRGC in the past 90 days. But under CISADA, the reporting requirement also includes transactions with any entity under U.N. sanction that has assisted Iran's proliferation activity. Why is the reporting requirement under the proposed rule limited to only part of the requirement outlined by the statute?

A.8. In our proposed rule, Treasury determined that obtaining information regarding whether a foreign bank is conducting transactions with a U.S.-designated, Iranian-linked financial institution or with Iran's Islamic Revolutionary Guard Corps or any of its U.S.-designated agents or affiliates is the most useful information Treasury can obtain in the most workable manner. Your question, however, raises an important point that we will consider in preparing the final rule.

Background: In a 2010 report entitled Iran's Dirty Banking and sourced to Bankers' Almanac, Mr. Avi Jorisch detailed a list of 44 international banks providing services to Iranian-linked banks designated by the Treasury Department under Executive Order 13382. The report also listed 18 U.S. banks conducting business with international banks that service designated Iranian banks in possible violation of Section 104 of the Comprehensive Iran Sanctions and Divestment Act.

Q.9. Which of the following international financial institutions ceased all of its business dealings, including but not limited to providing correspondent banking services, with Iranian-linked banks designated under Executive Order 13382?

- Ameriabank CJSC (Armenia)
- Raiffeisen Zentralbank Osterreich AG (Austria)
- UniCredit Bank Austria AG (Austria)
- Alubaf Arab International Bank BSC (Bahrain)
- Future Bank BSC (Bahrain)
- Sonali Bank Limited (Bangladesh)
- Fortis Bank SA/NV (Belgium)
- Danske Bank A/S (Denmark)
- Societe Generale (France)
- BHF–BANK Aktiengesellschaft (Germany)
- Commerzbank AG (Germany)

- Deutsche Bank AG (Germany)
- Landesbank Baden-Wurrttemberg (Germany)
- UniCredit Bank AG (Germany)
- ING NV (Holland)
- Habib Bank Limited (India)
- State Bank of India (India)
- United Bank Ltd (India)
- Bank of the Middle East Iraqi Investment (Iraq)
- Trade Bank of Iraq (Iraq)
- Intesa Sanpaolo SpA (Italy)
- Mizuho Corporate Bank Ltd (Japan)
- Sumitomo Mitsui Banking Corporation (Japan)
- The Bank of Tokyo-Mitsubishi UFJ Ltd (Japan)
- DnB NOR Bank ASA (Norway)
- Nordea Bank Norge ASA (Norway)
- BankMuscat SAOG (Oman)
- Qatar National Bank SAQ (Qatar)
- VTB Bank (Russia)
- Riyad Bank (Saudi Arabia)
- Aresbank SA (Spain)
- Banco Santander SA (Spain)
- Banque Marocaine du Commerce Exterieur International SA (Spain)
- Bank of Ceylon (Sri Lanka)
- Nordea Bank AB (Sweden)
- Skandinaviska Enskilda Banken AB (Sweden)
- Svenska Handelsbanken AB (Sweden)
- Banque de Commerce et de Placements SA (Switerland)
- United Bank AG (Switzerland)
- Zurcher Kantonalbank (Switzerland)
- Turkiye Halk Bankasi AS (Turkey)
- Turkiye IS Bankasi AS (Turkey)
- Dubai Islamic Bank PJSC
- Emirates NBD Bank PJSC

A.9. Treasury understands that Mr. Jorisch obtained the information for his 2010 report from the *Bankers Almanac,* a financial industry resource that, among other services, prints profiles of most of the world's banks. These profiles are based on information provided by the banks themselves, and include details such as the bank's correspondent and settlement partners. The information presented in *Bankers Almanac* is not, to our knowledge, assessed for accuracy before it is published, nor do we have any reason to believe that Mr. Jorisch independently sought to verify the accuracy of the information that he republished in his report.

With respect to the list of banks in Mr. Jorisch's article, the *Bankers Almanac* profiles of several banks indicated that they maintained correspondent accounts for U.S.-designated Iranian-

linked financial institutions, such as Bank Sepah or Bank Melli. We determined, however, that at the time CISADA was enacted, many of those profiles were inaccurate, and that the relevant Iranian banks had far fewer correspondent banks than indicated. Moreover, in the *Bankers Almanac* profiles of some of the U.S.-designated Iranian-linked financial institutions, several of the banks listed above were listed as correspondents. Investigation by Treasury has similarly revealed out of date information for accounts long since closed or frozen.

Since the enactment of CISADA and the promulgation of the IFSR, Treasury has been in contact with the majority of the 44 banks listed above and/or their regulators to discuss any relationships maintained for U.S.-designated Iranian-linked financial institutions. The great majority of financial institutions that Treasury has focused on with CISADA-relevant concerns have indicated that they already have closed, or will immediately close, any correspondent accounts they previously maintained for U.S.-designated Iranian-linked banks. As noted above, however, Treasury has concerns that a limited number of financial institutions may be continuing to engage in activities that could result in a finding under CISADA. We are actively investigating those situations.

Q.10. Are there any other financial institutions not on the list provided in the previous question that are currently doing business, including but not limited to providing correspondent banking services, with Iranian-linked banks designated under Executive Order 13382?

A.10. Relying on a wide variety of information sources, we are following available leads in order to identify and investigate any institution that may be engaging in activity that may be sanctionable under section 104(c) of CISADA. As noted above, until we complete any such investigation and make the determination to take action, we are unable to comment on the identity of any financial institution that may be a target of our efforts. I can assure you, however, that my team and I are aggressively pursuing investigations that may lead to action under CISADA or our other sanctions authorities.

Q.11. What is the current status of your investigations into each of the following U.S. financial institutions that may be in violation of Section 104 of CISADA?

- Bank of America NA
- The Bank of New York Mellon
- The Bank of Tokyo-Mitsubishi UFJ Ltd
- Citibank
- Commerzbank AG
- Credit Suisee AG
- Deutsche Bank Trust Company Americas
- Habib American Bank
- HSBC Bank USA NA
- Intesa Sanpaolo SpA
- JPMorgan Chase Bank NA

- MashreqBank PSC
- Mizuho Corporate Bank USA
- Societe Generale
- Standard Chartered Bank
- State Bank of India
- Sumitomo Mitsui Banking Corporation
- Wells Fargo Bank NA

A.11. U.S. branches of foreign financial institutions, like financial institutions headquartered in the United States, are U.S. persons for the purposes of U.S. sanctions laws. Accordingly, U.S. branches of foreign financial institutions are required to comply with the regulations and restrictions that apply to U.S. persons conducting business with Iranian banks and other entities under sanctions programs administered by Treasury, including the Iranian Transactions Regulations and Executive Order 13382 pertaining to Weapons of Mass Destruction Proliferators and Their Supporters. These restrictions include the prohibition on maintaining correspondent accounts for, or generally providing financial services to, Iranian banks and U.S.-designated individuals and entities. In our regulatory role, we maintain vigilance over U.S. persons and are prepared to act quickly if we detect any action that implicates any of our sanctions programs. As noted above, we are unable to comment on the identity of any financial institution that may currently be a target of our investigations or enforcement efforts.

Background: As you know, the Central Bank of Iran (CBI) facilitates Iran's illicit financial activities. According to a banking advisory issued by FinCEN on March 28, 2008 (and updated on June 22, 2010), the CBI is listed as an Iranian bank that is engaged in "illicit and deceptive activity." Banks have been warned to exercise extreme caution in dealing with virtually every Iranian-linked financial institution, including the CBI. As the United States and some of our allies have sanctioned individual Iranian banks, Iran's Central Bank has reportedly taken over many of the illicit activities of the sanctioned entities.

Q.12. Do you believe the Central Bank of Iran is supporting Iran's proliferation activities or facilitating the activity of entities under U.S. or U.N. sanction? If so, why hasn't the U.S. designated the Central Bank of Iran?

A.12. The activities of the Central Bank of Iran (CBI) have been, and continue to be, a focus of the Treasury Department. Treasury has noted previously that the CBI and Iranian commercial banks have requested that their names be removed from international payment messages to make it more difficult for intermediary financial institutions to determine the true parties to the transaction, and we remain concerned that the CBI may be facilitating transactions for sanctioned Iranian banks.

While the CBI has not been designated under our proliferation authorities, under the Iranian Transactions Regulations U.S. financial institutions are prohibited, with only limited exceptions, from doing business directly or indirectly with all Iranian banks, including the CBI. As highlighted in UNSCR 1929, we remain vigilant over the activities of the CBI and other Iranian financial institu-

tions, and the United States will continue to highlight its concerns with foreign governments and the private sector. We have been diligent in exposing and publicizing Iran's deceptive practices, as a result of which many in the private sector—unable to distinguish between Iran's legitimate and illicit transactions—have become increasingly wary of engaging in any business with Iran, including business with the CBI.

Background: In September, the Treasury Department sanctioned the Iranian-owned bank EIH, incorporated in Germany, for providing financial services to Iranian weapons proliferators and facilitating transactions on behalf of other sanctioned Iranian banks. Secretary Cohen, in your testimony to the Finance Committee last month, you said the United States is "working quite, quite aggressively to try and shut down the Iranians' ability to use that financial institution [EIH]."

Q.13. Can you please be more specific—what steps are you taking to shut down Iran's ability to use EIH?

A.13. On September 7, 2010, Treasury designated EIH pursuant to Executive Order 13382, which blocks the property of designated weapons of mass destruction proliferators and their supporters. To suspend EIH's access to the EU financial system, however, either Germany or the EU must take similar action and add EIH to its own list of designated entities. Treasury has been working closely with our European allies, particularly Germany, to urge them to take action against EIH to ensure that this U.S.-designated, Iranian-owned institution can no longer serve as Iran's access point to the European financial sector, and we believe that our European partners understand the threat posed by EIH's continued operation.

Q.14. What steps will you be taking to stop foreign banks that continue to work with EIH despite Treasury's designation?

A.14. As Treasury has become aware of instances in which foreign financial institutions engage in transactions with EIH—a U.S.-designated, Iranian-linked financial institution for purposes of CISADA—Treasury has informed these foreign financial institutions and their regulators of the potential CISADA consequences of engaging in such transactions. In addition, as noted in the response to the previous question, Treasury has been working with Germany and other EU member states to have EIH designated by either Germany or the EU, which, we believe, would effectively end EIH's ability to operate at all.

Q.15. Why has the Treasury Department not taken action against foreign banks that continue work with EIH as required by CISADA?

A.15. Treasury is aggressively pursuing investigations of possible activity that may be sanctionable under CISADA or our other authorities designed to bring economic and financial pressure to bear on Iran. As noted above, Treasury does not comment on any specific possible or pending law enforcement investigations, including possible designations or sanctions.

Background: In July 2010, Germany designated its affiliate of the Turkish group IHH as a terrorist organization due to its close ties

to Hamas. Last week, the Dutch government also designated its IHH affiliate as a terrorist group and froze its assets. I understand the Israeli Government has provided the Treasury Department extensive evidence detailing the IHH's ties to Hamas, a U.S.-designated foreign terrorist organization, and the "Union of the Good," which was designated by the Treasury Department under Executive Order 13324 in November 2008 and referred to by the Department as "an organization created by Hamas leadership to transfer funds to the terrorist organization." As you know, Hamas is responsible for the murders of at least 26 American citizens.

Q.16. Why are you delaying designation of the IHH as a terrorist entity despite evidence demonstrating the group's ties to the Hamas terrorist organization and the Union of the Good terrorist entity?

A.16. Although I cannot comment on any possible or pending designation of IHH, I can assure you that my team and I are fully committed to taking action against sources of support for terrorist organizations. With respect to Hamas, Treasury has actively sought to disrupt its financing through a number of methods, including: designating individuals and entities raising funds on behalf of the organization; engaging and sharing information with the Palestinian Authority to disrupt Hamas' charitable infrastructure in the West Bank and Gaza; and pressing European allies to take corresponding action. Specifically:

- Treasury has designated a number of charities for providing support to Hamas, being owned or controlled by it, or acting for or on its behalf, including the Union of Good (November 2008), Al Salah Society (August 2007), Interpal/The Palestinian Relief and Development Fund (August 2003), *Commite de Bienfaisance et de Secours aux Palestiniens and the Association de Secours Palestinien* (August 2003), the Palestinian Association in Austria (August 2003), the Al-Aqsa Foundation (May 2003), and the Holy Land Foundation for Relief and Development (December 2001).
- The Treasury Department engages regularly with senior Palestinian Authority (PA) officials on illicit finance issues, including sharing information on Hamas-controlled charities and NGO's operating in the West Bank and Gaza. Since 2007, the PA has taken significant steps to rid the charitable sector in the West Bank of Hamas influence, including the dissolution and reformation of Zakat committees (Islamic charitable organizations) that received financial support from Union of Good member organizations.
- Pressing the Europeans to crack down on Hamas fundraising in Europe has been one of our priorities. Together with our State Department colleagues, we have been specifically pushing both the EU and European member states to designate the Union of Good. Recently, Treasury participated in a delegation led by the State Department's Coordinator for Counter-Terrorism, Ambassador Benjamin, to press our European partners on these issues.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR SHELBY FROM DANIEL L. GLASER

Q.1.–1. China is always at the center of a sanctions controversy, whether it be related to North Korea, or Iran. The United States has recently sanctioned a North Korean bank and tightened sanctions prohibiting the import of goods, services and technology from North Korea.

How does the revival in commerce between China and North Korea compare to U.S. efforts to isolate North Korea? Are U.S. sanctions working here, or is the back door to China overcoming U.S. efforts?

A.1.–1. U.N. Security Council Resolutions 1718 and 1874 provide the foundation for the international sanctions framework against North Korea. These instruments are supplemented by the recent warning by the Financial Action Task Force of the risks to the international financial system of North Korea's failure to comply with international anti-money laundering standards. The United States has taken a broad interpretation of the financial provisions of these instruments, and relying on these and our other authorities, our implementation has gone beyond them. Just last month, President Obama signed Executive Order 13570 continuing our broad import restrictions on North Korea. In August 2010, President Obama signed Executive Order 13551, authorizing Treasury, in consultation with State, to impose sanctions on the financial networks that facilitate North Korean trafficking in arms and related materiel, procurement of luxury goods, and engagement in other illicit activities, such as money laundering and counterfeiting. Treasury has put this authority to good use, targeting not just North Korean government entities such as Office 39 and the Reconnaissance General Bureau, but also important nodes in their respective financial networks such as Daesong Bank and Bank of East Land. Treasury has also targeted numerous North Korean entities pursuant to our WMD sanctions authorities under Executive Order 13382, and has issued several advisories to our financial institutions warning of the risks presented by North Korea's illicit financial activities. These formal measures have been accompanied by an aggressive outreach campaign, both to foreign governments and the private sector. I have personally traveled throughout Asia and the Middle East, providing both general and specific information to governments and banks to assist them in protecting themselves from illicit North Korean financial activity. To date, our efforts have been effective in significantly restricting North Korea's access to the international financial and commercial systems.

China also voted for UNSCRs 1718 and 1874. China, however, has taken a narrower approach to the implementation of the financial provisions of these instruments, and continues to maintain a unique relationship with North Korea, both financially and commercially. Given North Korea's financial isolation from much of the rest of the world, these financial ties with China are of increasing importance to North Korea. Treasury has, therefore, actively engaged with the Chinese government, encouraging a broad interpretation of both the letter and spirit of the resolutions, and providing specific information to enable robust Chinese implementation. Moreover, Treasury has communicated directly with large Chinese

banks through their offices in the United States to ensure that they understand the risks they face from their financial activities with North Korea.

Q.1.–2. Generally, what is behind the perception that Chinese banks and energy companies comply with U.N. sanctions but appear to violate CISADA?

A.1.–2. As with the domestic financial sanctions regimes of many of our allies, the financial provisions of CISADA go significantly beyond the provisions of the relevant U.N. Security Council resolutions. For example, the U.N. applies full targeted sanctions on only two banks—Bank Sepah and First East Export Bank. In contrast, the U.S. targeted sanctions, and by extension the financial provisions of CISADA, apply to many more Iranian-linked banks, including Bank Melli, Bank Mellat, Export Development Bank of Iran, Bank Saderat, Post Bank, and Europaisch-Iranische Handeslbank (EIH). It is therefore possible for a foreign bank to be acting consistent with its domestic laws and U.N. sanctions, and nevertheless be engaged in conduct that implicates CISADA.

Since the passage of CISADA in 2010, Treasury has engaged the Chinese government and its banking regulators to discuss CISADA-related concerns and to raise awareness of the potential consequences that Chinese financial institutions may face under CISADA should they engage in sanctionable activity. As partners in the P5+1 process, we believe that China shares our concern about Iran's nuclear program and would not want its banks to be engaged in activity that could support Iranian proliferation-related activities.

The State Department is responsible for implementing the Iran Sanctions Act and the energy related provisions of CISADA, and as a result, I must defer to the State Department on any questions regarding energy-related sanctions.

Q.1.–3. Are U.N. sanctions working perversely to provide cover to cheat on U.S. sanctions with respect to either China or North Korea?

A.1.–3. U.N. Security Council Resolutions provide an important foundation and baseline for the international sanctions regime against North Korea and Iran. Given deep international concerns regarding North Korean and Iranian behavior, many countries have gone beyond this baseline. Equally as important, given longstanding international concerns about the illicit financial activities of Iran and North Korea, financial institutions throughout the world—including many in China—have eliminated or severely restricted their dealings with entities from those jurisdictions beyond what is required under their domestic law. It is certainly possible for a financial institution to be in compliance with a strict reading of the UNSCRs, but nevertheless be engaged in conduct inconsistent with U.S. sanctions, and the sanctions regimes of many of our allies. In the case of China, the challenge has been to encourage a broad interpretation of both the letter and spirit of the relevant U.N. resolutions, and to provide specific information to enable robust Chinese implementation. I have spent time with the Chinese doing precisely this. Moreover, we must continue to encourage the dynamic among private sector financial institutions—

including Chinese financial institutions—to take strong measures to protect themselves from illicit Iranian and North Korean financial conduct.

Q.2. What is the current status of the report authorized by section 6303 of the 2004 Intelligence Reform and Terrorist Prevention Act? What are the problems involved with its production?

A.2. Terrorist financing is constantly evolving, both in terms of sources and methodologies and in terms of international and domestic efforts to combat it. It is important that Congress be kept informed on developments in this area. One way of doing so is through broad reports such as the one authorized by section 6303 of the 2004 Intelligence Reform and Terrorist Prevention Act, and, if confirmed, I will work to see that it is completed expeditiously. Moreover, I commit to make myself available to you, other members of the Committee, and your staff to ensure that as an ongoing matter your specific questions and concerns related to terrorist financing are being addressed.

Q.3.–1. The result of Treasury policies and increased law enforcement have forced a good deal of financing into informal channels like *hawala,* and the use of charities.

Is charitable financing of terror a growing problem, or more of a manageable constant? And, is the problem different in the Gulf, Europe and here at home?

A.3.–1. The financing of terrorism and extremism by charities remains a concern to which Treasury devotes considerable effort. Charities are not just attractive vehicles by which terrorist organizations can raise funds, but they also provide opportunities to legitimize the organizations and radicalize populations. Domestically, we have made significant progress. Of course, only an extremely tiny fraction of the 1.8 million charitable organizations in the U.S. have ever presented a significant risk of terrorist financing. However, since 9/11 a combination of law enforcement actions and sustained dialogue with the charitable community has ensured that the U.S. is not a favorable environment for terrorist fundraising. Globally, we have also made progress, though much work remains to be done. In the Gulf, certain charities continue to support a wide range of terrorist organizations from Al Qaida to Hamas. In combating these organizations, we have over the last several years significantly improved our counter-terrorist financing cooperation and information sharing with partners such as Saudi Arabia and the UAE, even as we look for improvements in countries such as Qatar and Kuwait. The designation of groups such as the Revival of Islamic Heritage Society (RIHS) demonstrates that a continued focus on certain charities in the Gulf is required. In Europe our focus has been more specifically on Hamas fundraising. We consistently work with our partners in Europe and in the Middle East to try to block the flow of funds from charities in Europe that support Hamas—most notably charities affiliated with the U.S.-designated Union of Good.

Q.3.–2. It is impossible to put a dollar figure on money moving through *hawala,* but is that system financing the majority or minority of terrorist activity in the world, and are our counter threat

financing measures sophisticated enough to make a difference in this area?

A.3.–2. The Treasury Department has long-recognized the vulnerability of informal value transfer systems to illicit finance. As noted in the question, specific measurements are impossible, though by any account *hawala* continues to be among the most significant mechanisms through which terrorist organizations move funds. *Hawalas* can be an attractive transfer mechanism for terrorists for two primary reasons: (i) *hawala* networks often provide basic financial services to communities and regions that are not reached by more modern financial service providers, and (ii) if not adequately regulated, *hawalas* provide the opportunity for non-transparent financial activity.

Treasury has worked to address the vulnerabilities presented by informal value transfers through a four-pronged approach: targeted financial sanctions and other enforcement actions; systemic regulation; outreach; and international engagement. The international component of this strategy is discussed in greater detail below, but includes standard setting through FATF, targeted sanctions on such illicit actors as the New Ansari Network in Afghanistan, and encouragement to countries such as Pakistan to strengthen their regulatory regimes.

Domestically, *hawalas,* like all other money services businesses, are required to register with FinCEN, and we have worked to establish a transparent financial system with appropriate anti-money laundering and countering the financing of terrorism (AML/CFT) requirements on informal financial service providers. Where these requirements are not observed, it is important that we act. In the last 5 months FinCEN has taken civil enforcement actions against three unregistered money transmitters. Treasury is also working to ensure that our domestic regime is as robust as possible. Treasury is currently conducting a broad analysis of *hawalas* operating in the United States to better understand domestic *hawala* users and the money flows associated with their transactions. Moreover, Treasury is also engaging in rulemaking to impose cross-border reporting requirements on all cross-border transfers above one thousand dollars for all money transmitters. This will enhance our understanding of cross-border money flows through the industry and inform our outreach, enforcement and regulatory compliance efforts.

Q.3.–3. How effective are either international efforts through the Financial Action Task Force ("FATF") or international law enforcement measures on informal value systems?

A.3.–3. The Financial Action Task Force (FATF) sets international AML/CFT standards and works for their global implementation. The FATF standards require that informal value systems be licensed or registered, and subject to transparency requirements. These standards provide an important baseline for global efforts in this area. In particular, FATF—in cooperation with the IMF, World Bank, and FATF's regional affiliates—has undertaken a global initiative to assess the compliance of virtually every country in the world with the FATF standards.

International standard setting, however, is necessary but insufficient to protect the U.S. financial system from illicit informal value transfer networks. As noted above, it must be combined with adequate regulation domestically and robust enforcement action as necessary. In February 2011, for example, Treasury designated the New Ansari Money Exchange, a major Afghan *hawala* and money laundering vehicle, and 15 affiliated individuals and entities under the Foreign Narcotics Kingpin Designation Act. These actions exposed a primary money laundering network that transferred billions of dollars into and out of Afghanistan and the neighboring region, including proceeds of narcotics trafficking and corruption and funds used to support insurgency financing. More broadly, Treasury has worked with the Pakistani government to improve its AML/CFT regime, including with respect to informal value transfer systems such as *hawalas.*

RESPONSE TO WRITTEN QUESTIONS OF SENATOR BROWN FROM DANIEL L. GLASER

Q.1. Are you investigating foreign banks today for possible violation of CISADA?

A.1. Yes, Treasury is currently investigating several foreign banks for activities that may result in findings under CISADA.

Q.2. If a foreign central bank is supporting Iran's proliferation activities or facilitating the activity of entities under U.S. or U.N. sanctions, would it be sanctionable?

A.2. Yes, a foreign central bank, like any other person or entity, may be subject to designation under U.S. law for supporting Iran's proliferation activities or providing material support to persons designated under U.S. counter-proliferation sanctions.

Q.3. What financial tools does the United States have to press China to reduce its relationship with Iran?

A.3. China voted for all relevant United Nations Security Council resolutions relating to Iran, and has publicly committed to implementing them. Treasury has actively engaged with the Chinese government on this basis, encouraging a broad interpretation of both the letter and spirit of the resolutions, and providing specific information to enable robust Chinese implementation. Moreover, Treasury has communicated directly with large Chinese banks through their offices in the United States to ensure that they understand the risks they face from financial activities with Iran. We believe this ongoing engagement with China has been productive. Beyond this engagement, Treasury retains the same diverse set of tools it has available to protect the U.S. financial system from all illicit activity, including anti-money laundering authorities grounded in the Bank Secrecy Act and USA PATRIOT Act and sanctions authorities grounded in the International Emergency Economic Powers Act (IEEPA) and CISADA.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR HAGAN FROM DANIEL L. GLASER

Q.1. During your testimony, you mentioned that you plan to visit Panama during a joint Mexican-United States visit to Central America later this month in an attempt to better understand the networks that narcotics organizations use to launder money and finance illicit activities. It is my understanding from testimony provided to the Senate Armed Services Subcommittee on Emerging Threats and Capabilities that one of the predominant challenges that exists in Panama is its weak anti-money laundering regime and its inability to go after illicit finance.

What is your assessment of Panama's current anti-money laundering regime? How involved are Panamanian financial institutions in the financing of narcotics activity throughout the world? What steps has Panama taken in recent years to limit these activities?

A.1. Like many other countries in the region, Panama's AML regime has deficiencies that make it vulnerable to money laundering activity related to narcotics trafficking. Deficiencies of particular concern include the lack of AML regulation and supervision in the Colon Free Zone and the opaque company formation options available in the jurisdiction. These deficiencies and others make the Panamanian financial system vulnerable to being exploited by bad actors. Through the South American FATF Style Regional Body (GAFISUD), we are working with Panama to remedy these deficiencies. A recent step Panama has taken to address transparency issues is the ratification of a tax information exchange agreement with the United States. During my upcoming trip, I hope to discuss additional steps Panamanian authorities can take to protect themselves and their financial institutions from money laundering predicated on narcotics trafficking.

Q.2. In your testimony, when discussing Central America's financial institutions, you referenced the Lebanese Canadian Bank. Was it your implication that similar institutions support the global narcotics financing network from Panama?

A.2. Lebanese Canadian Bank (LCB) was an important financial node in a narcotics money laundering network with links in the Western Hemisphere, Asia, Africa, and the Middle East. Though it was not my intention to imply that there are financial institutions in Panama that are precisely analogous to LCB, clearly narcotics trafficking organizations have financial networks in the Western Hemisphere and it is important that we target them. An important part of my upcoming visit to Panama will be to seek Panamanian government assistance in identifying and disrupting these financial networks.

RESPONSE TO WRITTEN QUESTIONS OF CHAIRMAN JOHNSON FROM TIMOTHY G. MASSAD

Q.1. Mr. Massad, since our last hearing on TARP oversight (3/17/11), you quickly responded to concerns I and others raised regarding HAMP with announced changes to the program, including a new servicer scorecard that includes penalties for non-compliance. What impact do you expect these changes to have?

A.1. Recently, Treasury announced two enhancements to the Making Home Affordable (MHA) program implementation and reporting practices, which will be implemented soon. First, we will require servicers to establish a single point of contact with potential HAMP-eligible borrowers who will serve as a relationship manager to assist with the borrower's communications with the servicer. Treasury recognizes that too often homeowners receive conflicting information from their servicer and cannot gain access to someone knowledgeable about their case. This program enhancement is aimed at addressing that problem.

Second, we will be enhancing MHA reporting by expanding our disclosure of the results of our servicer compliance reviews. Treasury has a robust compliance program, with compliance agents performing reviews as often as monthly in the largest servicers. The top priority of our compliance program has been to ensure that homeowners are appropriately assisted under MHA and that servicers are meeting their obligations under the program. In doing so, we require remedial action where needed to correct areas of non-compliance.

To further bolster these efforts, Treasury is developing and plans to release next month more information regarding compliance reviews for each of the ten largest MHA participating servicers. This will provide more information regarding each of those ten largest servicers' respective compliance with MHA requirements, and is designed to provide greater transparency for the public regarding servicer performance. Under the contracts associated with MHA, Treasury will begin withholding financial incentives for servicers whose performance is deemed to be materially insufficient.

The number of homeowners who will benefit from these enhancements to the program depends upon numerous variables, including the performance of participating mortgage servicers, the impact of any future changes to program terms and procedures, and the overall state of the economy and the housing market. That said, by requiring a single point of contact, Treasury expects servicers to improve their performance resulting in better communication with homeowners, fewer situations where homeowners feel their servicer is not responsive, more people in the program, fewer lost documents, and greater homeowner understanding of their mortgage mitigation options. Similarly, we believe that expanded reporting on compliance will enhance servicer performance overall. Approximately 1.4 million homeowners are currently estimated to be eligible for the program, in addition to the 670,000 homeowners who have already received permanent modifications.

Q.2. In a Bloomberg poll last year, 60 percent of Americans said they believe most of the TARP money to the banks is lost. What is the current state of TARP repayments, and what steps will you take to ensure the administration of TARP is transparent to Congress and the American people?

A.2. Congress originally authorized $700 billion for TARP. We will spend no more than $475 billion. Of the $411 billion disbursed to date, we have already received back a total of $296 billion. Taxpayers have now recovered an amount equal to 72 percent of total TARP disbursements, and I am hopeful that we will recover most

of the outstanding amount within the next few years, market conditions permitting. Moreover, taxpayers have now recovered more than 100 percent ($251.6 billion) of the $245.1 billion in total funds disbursed for TARP investments in banks (inclusive of dividends, interest, and other income). Every additional dollar recovered from banks will constitute a positive return to taxpayers. Indeed, Treasury currently estimates that bank programs within TARP will ultimately provide a lifetime positive return of over $21 billion. CBO's latest estimate puts the overall cost of TARP at approximately $19 billion—just a fraction of the initial estimate of $356 billion.

To address the second part of your question, Treasury has taken many steps that have made TARP one of the most transparent programs in the Federal Government. Our website has a daily TARP tracker that shows the amount of funds disbursed, still outstanding, and returned by program. This is updated every day. We also provide a full report on TARP funds returned and outstanding in our monthly report to Congress (pursuant to Section 105(a) of the Emergency Economic Stabilization Act of 2008 (EESA)), which details how TARP funds have been used, the status of recovery of such funds by program, and information on the estimated cost of TARP. In addition, Treasury has published hundreds of comprehensive reports and other information about TARP, so that the public knows how its money was invested, who received it and on what terms, how much has been repaid, and how much income has been earned from investments. This information is posted on our website, *FinancialStability.gov,* and includes:

- The daily TARP tracker and the monthly 105(a) report to Congress referenced above;
- A monthly housing report containing detailed metrics on the housing programs;
- A quarterly report on the PPIP program that provides detailed information on the funds, their investments, and returns;
- A report on each transaction (such as an investment in or repayment by an institution) within two business days of its completion;
- A quarterly report that details all dividend and interest payments;
- Periodic reports on the sale of warrants, including information on auctions as well as on how the sale price was determined in the case of any repurchase of warrants by a TARP recipient;
- Monthly lending and use-of-capital surveys that contain detailed information on the lending and other activities of banks that have received TARP funds;
- A list of all the institutions participating in TARP programs and of all the investments Treasury has made; and
- Every contract and financial agency agreement it has entered into.

Further, pursuant to EESA, Treasury prepares separate, audited financial statements for TARP. In its first 2 years of operations, TARP's financial statements received unqualified ("clean") audit opinions from the Government Accountability Office (GAO), and separate reports on internal control over financial reporting were

unqualified and found no material weakness-unprecedented achievements for a startup operation with an extraordinary emergency mission. As a result of these efforts, the Office of Financial Stability (OFS) just received its second Certificate of Excellence in Accountability and Reporting award from the Association of Government Accountants.

Q.3. Former Senator Ted Kaufman testified before our panel on TARP, saying the program "has become one of the most thoroughly scrutinized Government programs in U.S. history." Has TARP oversight been helpful to Treasury in administering the program? Will you continue to be responsive to concerns and suggestions Congress and the oversight bodies have to improve TARP?

A.3. OFS has a very cooperative relationship with our oversight bodies, and their reports and recommendations have made important contributions to the development, strength, and transparency of TARP programs. To date, we have responded to 80 reports from GAO, the Congressional Oversight Panel, and the Special Inspector General for TARP (SIGTARP); have participated in more than 30 Congressional hearings on TARP; and have adopted more than 120 of the recommendations made by the oversight bodies. If confirmed, I will continue to be responsive to and will work closely with this Committee and other Committees of Congress, SIGTARP, GAO, and the Financial Stability Oversight Board to ensure that TARP meets the highest standards.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR SHELBY FROM TIMOTHY G. MASSAD

Q.1. Last month, the Government Accountability Office (GAO) issued a report entitled, "Improvements are Needed in Internal Control Over Financial Reporting for the Troubled Asset Relief Program." The report described deficiencies that the GAO had identified in the Office of Financial Stability's internal control over its accounting and financial reporting processes. What steps have you taken to remedy these deficiencies? What plans do you have for ensuring that TARP assets are properly valued?

A.1. Before addressing what action we have taken, it is important to put the report in context. Treasury has taken many steps that have made TARP one of the most transparent programs in the Federal Government. Pursuant to the Emergency Economic Stabilization Act of 2008 (EESA), Treasury prepares separate, audited financial statements for TARP. In its first 2 years of operations, TARP's financial statements received unqualified ("clean") audit opinions from the GAO. In addition, GAO issued separate reports on internal control over financial reporting that were unqualified and that found no material weakness. These are unprecedented achievements for a startup operation. Those clean opinions demonstrate that the Office of Financial Stability (OFS) has accurately valued and reported on TARP assets since the program's inception.

The deficiencies noted by GAO were related to recommended improvements regarding internal control over financial reporting, not the accuracy of OFS's financial statements or the valuation of OFS assets. After its fiscal year 2010 report, GAO sent OFS a manage-

ment letter with specific recommendations relating to improvements to specific internal control processes. With those recommendations as a guide, OFS anticipates that by the end of June, OFS will have corrective actions in place that will address each of the issues identified by GAO. GAO's overall conclusion concerning the quality and accuracy of fiscal year 2010 OFS statements was as follows:

> OFS's financial statements for TARP, including the accompanying notes, present fairly, in all material respects, in conformity with U.S. generally accepted accounting principles, OFS's assets, liabilities, and net position as of September 30, 2010, and 2009, and its net cost, changes in net position, and budgetary resources for fiscal years 2010 and 2009.

As a result of these efforts, OFS just received its second Certificate of Excellence in Accountability and Reporting award from the Association of Government Accountants.

On April 18, 2011, GAO sent OFS a management report (the "Report") based on GAO's fiscal year 2010 audit of OFS's financial statements and its audit of internal control over OFS's financial statements. The Report makes nine individual recommendations to OFS to correct one significant deficiency and two lesser control deficiencies. For example, the Report recommends that OFS take corrective action to ensure that only designated officials conduct and review period-end reconciliations; that journal entry review properly considers supporting documentation before entry into the general ledger; and that asset valuations only reflect amounts outstanding at fiscal year end.

OFS is working hard to develop a corrective action plan ("CAP") to address each of the nine recommendations. However, because we received the Report only 3 weeks ago, the CAP is not yet complete. Nonetheless, the CAP will provide the following: it will list GAO's findings and related recommendations; it will describe OFS's planned activities; and it will identify target completion dates. Moreover, the OFS Chief Financial Officer has identified and has assigned individual OFS staff members to address each of the nine recommendations. These staff members will develop corrective actions, which will be compiled and reviewed by OFS's Internal Control Program Office and senior management relative to GAO's findings. The corrective actions, in turn, will be entered into the Department of the Treasury tracking system and progress will be monitored by OFS leadership, Treasury's Deputy Chief Financial Officer staff, and the GAO. Corrective actions will not be closed until they have been resolved successfully and there is sufficient documentation of that fact. OFS anticipates that by the end of June we will have corrective actions in place that will address each of the recommendations made by GAO.

Additionally, you specifically ask about our plans to ensure that TARP assets are valued properly. We agree that this is an important issue, and as noted above, we are working hard to develop a CAP to address all of GAO's recommendations, including areas GAO identified in which controls regarding the estimation process could be improved. In particular, during its review of interim estimates, GAO found that the Governmentwide discounting tool—which OFS is required to use—has limitations in making adjustments to exclude future disbursements that are separately needed

for budget formulation purposes. Therefore, GAO recommended that OFS only include cash-flows related to outstanding investment balances. In addition, GAO noted several instances where documentation was insufficient involving the rationale for model changes and assumptions. In response to these recommendations, OFS is strengthening its testing, procedures, and documentation to ensure that estimates continue to be accurate and fully supported. We will make sure that these corrective actions taken will be described in our CAP and supporting materials.

While OFS is committed to implementing each of the nine recommendations set forth in the GAO's Report, we are pleased with GAO's overall conclusion that OFS's financial statements "present fairly, in all material respects, in conformity with U.S. generally accepted accounting principles, OFS's assets, liabilities, and net position as of September 30, 2010, and 2009." In its first 2 years of operations, TARP's financial statements received unqualified ("clean") audit opinions from the GAO. In addition, GAO issued separate reports on internal control over financial reporting that were unqualified and that found no material weakness. As a result of these efforts, OFS just received its second Certificate of Excellence in Accountability and Reporting award from the Association of Government Accountants.

RESPONSE TO WRITTEN QUESTIONS OF WANDA FELTON FROM CHAIRMAN JOHNSON

Q.1. Congress has mandated that at least 20 percent of the Export-Import Bank's annual authorizations go toward small business transactions. How can the Export-Import Bank work to exceed the 20 percent mandate moving forward?

A.1. One of Ex-Im Bank's mandates is to "aid, counsel, assist, and protect, insofar as is possible, the interests of small business concerns in order to preserve free competitive enterprise." It is my understanding that Ex-Im Bank treats this mandate seriously—recognizing that small business is the engine that drives job creation. Under Chairman Hochberg, the Bank has announced its intent to achieve the following goals with respect to small business activity:

- increase the cumulative value of authorized small business transactions to at least $30 billion by fiscal year 2015;
- support a total of $44.1 billion in small business export sales; and
- add 5,000 small business clients.

A variety of tools are available to increase support for small businesses. These include:

Proactive Outreach and Training (road shows, seminars and webinars) To:

- increase awareness of the Bank's programs;
- encourage small businesses to begin exporting; and
- train small businesses in how to access and utilize its programs.

Innovative Products Tailored To Meet the Specific Needs of Small Businesses

- Provide access to competitively priced capital.
- Streamline the application process.
- Reduce response time.

Leverage All Available Resources To Maximize Impact

- Design products that will attract bank and insurance company participation.
- Leverage other agencies such as the SBA.
- Use Board members to get the message out.

It is my understanding that, through these efforts, Ex-Im Bank authorized nearly 3,100 small businesses transactions, which accounted for more than 87 percent of the Bank's total transactions in fiscal year 2010.

Q.2. The Export-Import Bank's decisions occasionally gain the attention of interested parties that do not necessarily interact with the Bank. What is your view on how the Export-Import Bank can best receive input from various stakeholders who will be impacted by the decisions it makes?

A.2. It is reasonable to expect that Ex-Im Bank's decisions may affect many parties, including industry participants, Congress and its constituents, and other Government agencies. The Bank's primary mission is to promote U.S. job creation through exports. However, the Bank is required to fulfill this mandate while considering other policy objectives such as promoting renewable energy. Ex-Im Bank should anticipate the impact of its activities in the context of these broader considerations and undertake reasonable efforts to engage interested parties to seek their input, when appropriate. Ex-Im Bank's charter stipulates that it must notify Congress of authorized transactions of $100 million or more. In addition, there is a duty to seek input from the Department of Treasury, the State Department, and the National Security Council in connection with transactions with perceived implications for foreign policy, national security, and environmental policy as well as competitive factors which are perceived as potentially harmful to domestic interests.

Ex-Im Bank has established internal due diligence procedures and policies to promote compliance and flag potential issues. Moreover, the Bank's staff is highly professional and experienced. To the extent that additional input is needed, Board members and staff can engage external resources. It is the Board's fiduciary responsibility to make its best efforts to weigh the various implications of its actions.

If confirmed, I would have an open door policy regarding transactions pending before the Board. I would welcome and encourage input from individuals, industry and the Congress regarding transactions large and small.

RESPONSE TO WRITTEN QUESTION OF WANDA FELTON FROM SENATOR SHELBY

Q.1. The duties of Board members of the U.S. Export-Import Bank (Ex-Im Bank) are not defined or explained in Ex-Im Bank's Char-

ter. It is largely up to each Board member to determine how they want to have an impact on Ex-Im Bank.

What will each of your priorities be as Board members? Taking into consideration the Chairman's set of priorities and those mandated by Congress, which aspects of Ex-Im Bank's operations would you each request to focus on, and why?

A.1. If confirmed, I feel confident that my priorities will be consistent with Ex-Im Bank's Charter, the Bank's Congressional mandates, and by extension, the Chairman's priorities. I am strongly committed to the Bank's mission. Certainly, the ability to promote American competitiveness in foreign markets to protect jobs, without burdening tax payers, is a unique and valuable tool in less robust economic cycles. However, I believe that Ex-Im Bank serves a critical need irrespective of economic conditions and that utilizing every resource to promote American competitiveness would serve the nation's long-term strategic interests. As President Obama has observed, 95 percent of consumers are outside the United States. U.S. businesses must position themselves to compete for these consumers.

The Bank has also been directed by Congress to meet other important objectives, including providing access to capital to small business (including minority- and women-owned enterprises); promoting renewable energy; and promoting U.S. exports to sub-Saharan Africa. I believe that my background would allow me to make a meaningful contribution in bolstering American exports in Africa. Ex-Im Bank has identified nine countries which should be the focus of attention by virtue of the size of their markets, their projected economic growth, and substantial need for equipment and services to build basic infrastructure. I have prior business experience in two of the targeted countries in sub-Saharan Africa (Nigeria and South Africa) and believe I can be of value in this effort.

In addition, while the Bank has made reaching out to small business a significant priority, there may be an opportunity to address the needs of middle-market companies which have also experienced a significant withdrawal of bank financing in the current down economic cycle. Again, I have been active in this arena by virtue of my prior business experience and I believe I have an understanding of how to approach this task. I believe that I can help raise general awareness of Ex-Im Bank through speaking engagements and other outreach.

Finally, I am interested in specific tasks such as helping to plan Ex-Im Bank's next annual conference. I have previously been active in investor relations and helped plan annual conferences and have a network that may be valuable in attracting high quality speakers.

RESPONSE TO WRITTEN QUESTIONS OF WANDA FELTON FROM SENATOR VITTER

I do not have personal knowledge of the issues you raised. If I am confirmed, I will request to be briefed on them and will be happy to continue to work with you on these issues of concern. In the meantime, the Ex-Im Bank staff has provided the following information on the questions you asked.

Q.1. Please provide a list of all loans or other financial support over the last decade that have gone to foreign state-owned energy companies that have been utilized in projects for their domestic energy production or to increase refining capacity.

A.1. See attached spreadsheet.

Q.2. Please provide a list of the top 5 U.S. companies that have been financial beneficiaries of Ex-Im Bank financing over the last decade in terms of total dollar support.

A.2. See attached spreadsheet.

Q.3. Of the initial request for Ex-Im Bank financing by Petrograd based on the May 7, 2009 preliminary commitment of $2 billion how many companies have filed documentation to qualify?

A.3. There is no process of qualification for a preliminary commitment, since the Bank acts on actual transactions, not non-binding preliminary commitments. We are close to finalizing a $308 million credit guarantee facility as part of the preliminary commitment. Bank transactions are individually evaluated on the bases of "reasonable assurance of repayment" and, where applicable, the Bank's environmental guidelines. In other words, the great majority of the Bank's credit evaluations involve foreign buyers of U.S. exports, in both the public and private sectors.

Q.4. What metrics does Ex-Im Bank use in analyzing the return on investment before approving loans?

A.4. The Ex-Im Bank is not a traditional bank or a for-profit business. Bank transactions are individually evaluated on the basis of "reasonable assurance of repayment." Other return on Ex-Im Bank transactions that is important can be measured, when possible, in U.S. jobs. Our measurement is that, on average, every $1 billion in U.S. exports supports approximately 7,400 U.S. jobs. The Bank's primary mission is to support jobs through exports. Through prudent management the Bank has been self-sustaining since fiscal year 2008, meaning that revenues have exceeded losses and expenses. The Bank has returned more than $3.4 billion over the past 5 years. In addition, Congress recently rescinded $275 million of the Bank's excess funds as part of the fiscal year 2011 Continuing Resolution, which is additional money that benefits the U.S. taxpayers.

Q.5. What is the minimal return on investment Ex-Im Bank requires before issuing a loan or any other form of financial support?

A.5. The Federal Credit Reform Act of 1990 requires Ex-Im Bank to set aside reserves for all transactions at the time of authorization or commitment. If funds are not available at that time, the Ex-Im Bank is legally prohibited from approving a transaction. Since fiscal year 2008, Ex-Im Bank has been self-sustaining where the fees charged on its transactions have paid for both prudent loan loss reserves as well as the Bank's administrative expenses. Again, Bank transactions are individually evaluated on the bases of "reasonable assurance of repayment" and the other return on Ex-Im Bank transactions that is important can be measured, when possible, in U.S. jobs. By the congressional mandate in its charter, Ex-Im Bank must find a reasonable assurance of repayment before it

can approve a transaction. Transactions must also comply, where applicable, with the Bank's environmental guidelines. The return on investment is measured in U.S. jobs supported.

Q.6. Please provide a list of all Ex-Im Bank financing in which GE was the beneficiary over the last decade.

A.6. See attached spreadsheet.

Q.7. Please provide a list of all financial arrangements that have gone bad or not been repaid and by what companies and in what countries over the last decade.

A.7. See attached spreadsheet.

Q.8. What is the total dollar amount of all outstanding Ex-Im Bank financing obligations and what is the estimated annual return on investment for each year over the next 5 years.

A.8. The Export-Import Bank has been self-sustaining since fiscal year 2008, and expects to be self-sustaining going forward. As a self-sustaining agency, Ex-Im Bank pays for all annual costs from receipts or fees that it charges on the supported transactions. The following chart shows that Bank's self-sustaining results since fiscal year 2008.

Export-Import Bank of the United States

Self-Sustaining Results
FY 2008–FY 2010
(dollars in millions)

FY	Authorized Amount	Revenue	Expenses	Net
2008	$14,398.9	$122.8	$103.4	$19.4
2009	$21,021.1	$292.1	$118.5	$173.6
2010	$24,467.8	$479.4	$126.8	$352.6

As a result of its self-sustaining, the Bank in fiscal year 2009 returned to the U.S. Treasury $136 million as negative subsidy, and in fiscal year 2011 the U.S. Congress rescinded $275 million in unobligated balances.

During the past 5 years, the Bank has returned $3.4 billion to the U.S. Treasury.

The Ex-Im Bank is a demand driven agency and we forecast total exposure growth of approximately 12 percent per year. In fiscal year 2010, Ex-Im Bank's total exposure was $75.2 billion and by the end of fiscal year 2014, the Bank forecasts exposure to be $125 billion. The exposure increase is driven by the significant increase in new authorizations. Since fiscal year 2008, new authorizations have increased an average of 25 percent per year. Based on the Bank's new authorization pipeline and other factors, it forecasts growth in new authorization at 15 percent per year after fiscal year 2010. The Bank will continue to be self-sustaining during this time and forecasts revenue of $468 million compared to expenses of $201 million during fiscal year 2012. By FY 2014, the Bank forecasts revenue to grow to approximately $1.0 billion with expense levels slightly higher than the fiscal year 2012 levels.

Buyer Economic Sector	Deal Country	Program	Term	Primary Buyer Name	Primary Exporter Name	Deal Number	Date Authorized	Small Business Flag	Export Value	Authorized Amount
Fossil Fuel Electric Power Generation	Brazil	Loan	L	Petrobras Petroleo Brasileiro S.A.	General Electric Company	AP076707XX	1/25/2001	No	$35,437,045.46	$44,041,524.00
Fossil Fuel Electric Power Generation	Brazil	Loan	L	Petrobras Petroleo Brasileiro S.A.	General Electric Company	AP076708XX	1/25/2001	No	$35,361,725.58	$44,250,521.00
Other Electric Power Generation	Ghana	Loan	L	Minst Of Mines & Energy	Solar Outdoor Lighting Inc	AP075408XX	5/7/2001	Yes	$0.00	$5,430,935.00
Fossil Fuel Electric Power Generation	Brazil	Loan	L	Petrobras Petroleo Brasileiro S.A.	General Electric Company	AP076707XX	5/10/2001	No	$42,952,534.54	$53,381,851.00
Fossil Fuel Electric Power Generation	Brazil	Loan	L	Petrobras Petroleo Brasileiro S.A.	General Electric Company	AP076708XX	5/10/2001	No	$42,658,805.43	$53,381,851.00
Crude Petroleum and Natural Gas	Venezuela	Guarantee	M	Bariven Sa	PDVSA Services Inc	AP077175XX	5/24/2001	No	$221,620,154.00	$196,081,756.00
Oil and Gas Field Services - NEC	India	Insurance	S	Indian Oil Corporation	Joshi Technologies	137430	7/10/2001	Yes	$1,250,000.00	$1,250,000.00
Fossil Fuel Electric Power Generation	Mexico	Guarantee	L	Comision Federal De Electricidad	Siemens	AP076371XX	9/17/2001	No	$97,996,523.00	$103,904,672.00
Electric Power Transmission Lines	Belize	Guarantee	M	Belize Electricity Limited	Ohm International Corporation	AP077777XX	9/25/2001	No	$7,105,177.11	$6,770,073.00
Crude Petroleum and Natural Gas	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Kellogg Brown & Root	AP077513XX	9/28/2001	No	$335,336,034.00	$300,000,000.00
Crude Petroleum and Natural Gas	Algeria	Guarantee	L	Sonatrach	Halliburton Energy Services	AP077618XX	9/28/2001	No	$55,893,332.00	$51,395,596.00
Crude Petroleum and Natural Gas	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	M-I Llc	AP077625XX	9/28/2001	No	$145,050,433.00	$130,000,000.00
Crude Petroleum and Natural Gas	Mexico	Guarantee	M	Pemex	Various - United States Suppliers	AP077556XX	10/1/2001	No	$70,588,235.00	$61,644,000.00
Hydroelectric Power Generation	Venezuela	Guarantee	L	Electrificacion Del Caroni	Harza Engineering Co.	AP075405XX	10/11/2001	No	$48,027,898.69	$45,000,000.00
Crude Petroleum and Natural Gas	Mexico	Insurance	M	Pemex	FS Elliott Company Inc	186023	11/19/2001	Yes	$250,000,000.00	$250,000,000.00
Electric Services-Electric Power Generation - Trans	Belize	Guarantee	M	Belize Electricity Limited	Peco International Electric	AP076091XX	11/30/2001	Yes	$112,641.94	$105,618.35
Crude Petroleum and Natural Gas	Mexico	Insurance	S	Pemex Exploracion Y Produccion	Process & Compression	231100	3/15/2002	Yes	$750,000.00	$750,000.00
Electric Power Transmission Lines	Belize	Guarantee	M	Belize Electricity Limited	Ohm International Corporation	AP077777XX	3/22/2002	No	$394,625.89	$376,014.00
Crude Petroleum and Natural Gas	Brazil	Guarantee	L	Petrobras Petroleo Brasileiro S.A.	Wellstream Inc	AP076058XX	3/28/2002	No	$0.00	$8,739,272.00
Fossil Fuel Electric Power Generation	Venezuela	Guarantee	L	C.A. Energia Electrica De Venezuela	General Electric Company	AP077805XX	6/20/2002	No	$93,353,300.00	$87,500,000.00
Oil and Gas Field Services - NEC	India	Insurance	S	Indian Oil Corporation	Joshi Technologies	137430	7/11/2002	Yes	$1,250,000.00	$1,250,000.00
Electric Services-Electric Power Generation - Trans	Venezuela	Guarantee	M	C.A. La Electricidad De Caracas	Various - United States Suppliers	AP078045XX	7/11/2002	No	$29,412,000.00	$26,607,713.00
Electric Services-Electric Power Generation - Trans	Venezuela	Guarantee	M	C.A. La Electricidad Caracas Saca Saica	Various - United States Suppliers	AP074749XX	7/15/2002	No	$538,035.27	$482,427.78
Electric Power Generation - Natural Gas	Mexico	Guarantee	L	Comision Federal De Electricidad	General Electric Company	AP078480XX	7/25/2002	No	$30,397,267.39	$31,183,915.00
Crude Petroleum and Natural Gas	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Halliburton Energy Services	AP078229XA	9/30/2002	Yes	$223,950,914.00	$200,000,000.00
Crude Petroleum and Natural Gas	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Kellogg Brown & Root	AP078229XB	9/30/2002	No	$336,395,494.00	$300,000,000.00
Electric Power Distribution - Lines and Equipment	Belize	Guarantee	M	Belize Electricity Limited	Peco International Electric	AP079031XX	11/5/2002	No	$5,804,054.00	$5,435,671.00
Crude Petroleum and Natural Gas	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Dowell Product Center	AP078229XC	12/19/2002	No	$223,986,474.00	$200,000,000.00
Electric Power Generation - Nuclear	Romania	Guarantee	L	Societatea Nationala Nuclearelectrica Sa	General Electric Company	AP078523XX	12/19/2002	No	$29,676,464.00	$29,535,945.00
Electric Services-Electric Power Generation - Trans	Israel	Guarantee	L	Israel Electric Corp Ltd	Siemens	AP077768XX	1/9/2003	No	$32,612,131.00	$35,123,265.00
Electric Power Generation - Combustion Turbine	Israel	Guarantee	L	Israel Electric Corp Ltd	General Electric Company	AP078104XX	1/16/2003	No	$0.00	$43,820,487.00
Crude Petroleum and Natural Gas	Mexico	Insurance	M	Pemex	FS Elliott Company Inc	186023	3/5/2003	Yes	$250,000,000.00	$250,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Dowell Product Center	AP078229XD	3/6/2003	No	$447,247,620.00	$400,000,000.00
Electric Power Generation	Mexico	Guarantee	M	Comision Federal De Electricidad	Various - United States Suppliers	AP079386XX	5/8/2003	Yes	$47,058,823.00	$41,092,000.00

Buyer Economic Sector	Deal Country	Program	Term	Primary Buyer Name	Primary Exporter Name	Deal Number	Date Authorized	Small Business Flag	Export Value	Authorized Amount
Natural Gas Liquid Extraction	Mexico	Guarantee	L	Pemex Gas Y Petroquimica Basica	Linde Boc Process Plants Llc	AP079443XX	5/22/2003	No	$53,332,129.00	$47,657,858.00
Oil And Gas Extraction	Mexico	Guarantee	M	Pemex	Various - United States Suppliers	AP079595XX	7/24/2003	Yes	$88,235,294.00	$77,047,500.00
Electric Services-Electric Power Generation - Trans	Mexico	Insurance	M	Comision Federal de Electricidad	Various - United States Suppliers	245035	8/18/2003	Yes	$4,141,609.97	$4,141,609.97
Fossil Fuel Electric Power Generation	Mexico	Guarantee	L	Comision Federal De Electricidad	Siemens	AP079193XX	12/23/2003	Yes	$132,651,746.00	$140,345,547.00
Electric Services-Electric Power Generation - Trans	Korea, South	Insurance	S	KEPCO	Scan System Corporation	258657	1/6/2004	Yes	$39,956.00	$39,956.00
Crude Petroleum and Natural Gas	Brazil	Insurance	S	Petrobras Petroleo Brasileiro S.A.	Petreco International Inc	260927	1/23/2004		$720,000.00	$720,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Solar Turbines	AP080074XX	3/11/2004	No	$338,017,772.00	$300,000,000.00
Other Electric Power Generation	Egypt	Guarantee	L	Cairo Electricity Production Company	General Electric Company	AP079289XX	4/22/2004	No	$74,301,900.00	$90,809,958.00
Crude Petroleum and Natural Gas	Mexico	Insurance	M	Pemex	FS Elliott Company Inc	186023	5/11/2004	Yes	$250,000,000.00	$250,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Pride Offshore Inc.	AP080231XX	5/13/2004	No	$225,161,835.00	$200,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Globe Exploration Services Llc	AP080385XX	5/21/2004	Yes	$225,266,331.01	$200,000,000.00
Hydroelectric Power Generation	Venezuela	Guarantee	M	Electrificacion Del Caroni	Harza Engineering Co.	AP075405XX	6/29/2004	No	$1,658,799.31	$1,554,221.00
Electric Services-Electric Power Generation - Trans	Mexico	Insurance	M	Comision Federal de Electricidad	Various - United States Suppliers	270264	9/7/2004	Yes	$6,072,680.00	$6,072,680.00
Electric Services-Electric Power Generation - Trans	Mexico	Insurance	M	Comision Federal de Electricidad	Various - United States Suppliers	272815	9/7/2004	Yes	$3,508,578.00	$3,508,578.00
Crude Petroleum and Natural Gas	Mexico	Insurance	S	Pemex, Exploracion Y Produccion	Bender Shipbuilding & Repair	272104	9/8/2004	Yes	$6,300,000.00	$6,300,000.00
Electric Services-Electric Power Generation - Trans	Mexico	Insurance	M	Comision Federal de Electricidad	Various - United States Suppliers	274183	9/23/2004	Yes	$6,072,680.00	$6,072,680.00
Electric Services-Electric Power Generation - Trans	Mexico	Insurance	M	Comision Federal de Electricidad	Various - United States Suppliers	274175	9/24/2004	Yes	$3,508,578.00	$3,508,578.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex, Exploracion Y Produccion	Nabors Industries Inc	AP080947XX	9/30/2004	Yes	$450,409,873.00	$400,000,000.00
Electric Power Distribution	Belize	Guarantee	M	Belize Electricity Limited	Electric Supply Of Tampa Inc	AP081053XX	10/13/2004	Yes	$5,613,044.00	$5,166,134.00
Electric Power Generation - Natural Gas	Mexico	Guarantee	L	Comision Federal De Electricidad	General Electric Company	AP078480XX	2/23/2005	No	$9,899.61	$10,155.80
Crude Petroleum And Natural Gas Extraction	Brazil	Guarantee	L	Petrobras Petroleo Brasileiro S.A.	Petreco International Inc	AP081532XX	5/9/2005	Yes	$0.00	$21,128,276.00
Electric Services-Electric Power Generation - Trans	Mexico	Insurance	M	Comision Federal de Electricidad	Various - United States Suppliers	281626	5/24/2005	Yes	$2,784,567.00	$2,784,567.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Pride Offshore Inc.	AP081769XX	9/28/2005	Yes	$344,030,779.00	$300,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Solar Turbines	AP081863XX	9/29/2005	Yes	$458,752,423.00	$400,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Pride Offshore Inc.	AP081892XX	9/29/2005	Yes	$343,863,188.00	$300,000,000.00
Electric Power Distribution	Belize	Guarantee	M	Belize Electricity Limited	Delta Star Inc	AP081653XX	10/25/2005	No	$10,780,956.00	$10,152,591.00
Other Electric Power Generation	Uruguay	Guarantee	L	Admin Nac De Usinas Y Transmision Elect	Ge Energy Products, Inc	AP082071XX	3/9/2006	No	$52,798,259.00	$54,038,249.00
Electric Services-Electric Power Generation - Trans	Mexico	Insurance	M	Comision Federal de Electricidad	Various - United States Suppliers	291906	4/13/2006	Yes	$2,907,637.00	$2,907,637.00
Other Electric Power Generation	Mexico	Guarantee	L	Comision Federal De Electricidad	General Electric Company	AP082223XX	5/3/2006	No	$26,369,494.00	$24,264,586.00
Fossil Fuel Electric Power Generation	Mexico	Guarantee	L	Comision Federal De Electricidad	General Electric Company	AP082250XX	7/28/2006	No	$15,618,964.10	$15,323,697.00

Buyer Economic Sector	Deal Country	Program	Term	Primary Buyer Name	Primary Exporter Name	Deal Number	Date Authorized	Small Business Flag	Export Value	Authorized Amount
Crude Petroleum and Natural Gas	Mexico	Insurance	M	Pemex	FS Elliott Company Inc	186023	9/6/2006	Yes	$250,000,000.00	$250,000,000.00
Electric Services-Electric Power Generation - Trans	Mexico	Insurance	M	Comision Federal de Electricidad	Various - United States Suppliers	296186	9/12/2006	Yes	$776,052.00	$776,052.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Schlumberger Technology Corp	AP082635XX	9/14/2006	Yes	$171,831,147.00	$150,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Solar Turbines	AP082654XX	9/28/2006	Yes	$401,800,064.00	$350,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Pride Offshore Inc.	AP082679XX	9/28/2006	Yes	$286,748,218.00	$250,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Pride Offshore Inc.	AP082693XX	9/28/2006	Yes	$344,265,681.00	$300,000,000.00
Fossil Fuel Electric Power Generation	Mexico	Guarantee	L	Comision Federal De Electricidad	Siemens	AP082564XX	11/15/2006	No	$26,870,471.01	$27,319,313.00
Electric Services-Electric Power Generation - Trans	Mexico	Insurance	M	Comision Federal de Electricidad	Various - United States Suppliers	298299	11/21/2006	Yes	$2,630,637.00	$2,630,637.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Cromaglass Corporation	AP082750XX	11/30/2006	Yes	$115,137,071.00	$100,000,000.00
Electric Services-Electric Power Generation - Trans	Mexico	Insurance	M	Comision Federal de Electricidad	Various - United States Suppliers	297325	12/8/2006	Yes	$850,189.00	$850,189.00
Other Electric Power Generation	Mexico	Insurance	M	Comision Federal de Electricidad	Nuclear Measurements Corporation	299347	4/27/2007	Yes	$179,235.00	$154,589.55
Other Electric Power Generation	Mexico	Insurance	M	Comision Federal de Electricidad	Nuclear Measurements Corporation	410339	7/5/2007	Yes	$324,408.00	$238,065.39
Other Electric Power Generation	Sri Lanka	Guarantee	L	Lakdhanavi Limited	General Electric Company	AP083216XX	7/27/2007	No	$20,001,522.00	$24,113,636.00
Other Electric Power Generation	Mexico	Insurance	M	Comision Federal de Electricidad	General Electric Company	409273	8/2/2007	Yes	$2,714,820.00	$2,066,045.89
Nuclear Electric Power Generation	Mexico	Insurance	M	Comision Federal de Electricidad	General Electric Company	409275	8/15/2007	Yes	$890,113.00	$677,398.50
Nuclear Electric Power Generation	Mexico	Insurance	M	Comision Federal de Electricidad	Automatic Valve Corp	411072	8/15/2007	Yes	$414,750.00	$357,790.82
Nuclear Electric Power Generation	Mexico	Insurance	M	Comision Federal de Electricidad	Sansy's Company Inc.	408961	8/24/2007	Yes	$473,894.00	$409,174.40
Nuclear Electric Power Generation	Mexico	Insurance	M	Comision Federal de Electricidad	General Electric Company	408363	8/27/2007	Yes	$659,368.00	$569,318.32
Nuclear Electric Power Generation	Mexico	Insurance	M	Comision Federal de Electricidad	General Electric Company	409272	9/4/2007	Yes	$1,690,927.00	$1,312,444.96
Nuclear Electric Power Generation	Mexico	Insurance	M	Comision Federal de Electricidad	Ergytech, Inc.	408365	9/26/2007	Yes	$309,803.00	$233,227.08
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Nabors Industries Inc	AP083385XX	9/27/2007	Yes	$229,219,793.00	$200,000,000.00
Nuclear Electric Power Generation	Mexico	Insurance	M	Comision Federal de Electricidad	Tyco Valves and Controls LP	410233	10/11/2007	Yes	$686,470.00	$532,816.18
Nuclear Electric Power Generation	Mexico	Insurance	M	Comision Federal de Electricidad	General Electric Company	412907	10/15/2007	Yes	$778,179.00	$603,997.47
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Schlumberger Well Services	AP083421XX	6/12/2008	Yes	$114,732,845.00	$100,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex, Exploracion Y Produccion	Halliburton Energy Services	AP083490XX	6/12/2008	Yes	$460,142,990.00	$400,000,000.00
Nuclear Electric Power Generation	Mexico	Insurance	M	Comision Federal de Electricidad	Cameron Technologies US, Inc.	425168	6/19/2008	Yes	$2,875,400.00	$2,482,706.62
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Pride International, Inc	AP083441XX	7/31/2008	Yes	$230,116,497.00	$200,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Various - United States Small Suppliers	AP083597XX	7/31/2008	Yes	$172,132,841.00	$150,000,000.00
Electric Power Distribution	Ghana	Loan	L	Minst Of Mines & Energy	Weldy-Lamont Associates Inc	AP081922XX	8/28/2008	Yes	$297,500,000.00	$344,231,003.00
Fossil Fuel Electric Power Generation	Mexico	Guarantee	L	Comision Federal De Electricidad	General Electric Company	AP082250XX	9/23/2008	No	$5,046,174.89	$4,950,780.00

Buyer Economic Sector	Deal Country	Program	Term	Primary Buyer Name	Primary Exporter Name	Deal Number	Date Authorized	Small Business Flag	Export Value	Authorized Amount
Crude Petroleum And Natural Gas Extraction	Mexico	Insurance	S	Pemex Exploracion y Produccion	Living Quarter Technology Inc	442890	1/27/2009	Yes	$4,399,110.00	$4,399,110.00
Nuclear Electric Power Generation	Mexico	Insurance	M	Comision Federal de Electricidad	Ergytech, Inc.	441347	2/6/2009	Yes	$389,689.00	$250,631.05
Crude Petroleum And Natural Gas Extraction	Mexico	Loan	L	Pemex Exploracion Y Produccion	Noble Drilling Corporation	AP084134XX	4/23/2009	Yes	$685,722,123.00	$600,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Loan	L	Pemex Exploracion Y Produccion	Diamond Offshore Drilling Inc	AP084137XX	4/23/2009	Yes	$342,861,061.00	$300,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Various - United States Small Suppliers	AP084133XX	4/30/2009	Yes	$228,574,041.00	$200,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Loan	L	Pemex Exploracion Y Produccion	Pride International, Inc	AP084135XX	4/30/2009	Yes	$171,430,531.00	$150,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Exterran Energy Corp	AP084136XX	4/30/2009	Yes	$114,287,020.00	$100,000,000.00
Fossil Fuel Electric Power Generation	Saudi Arabia	Loan	L	Saudi Electricity Company	General Electric Company	AP083340XA	5/15/2009	No	$132,040,929.00	$150,662,023.00
Fossil Fuel Electric Power Generation	Saudi Arabia	Loan	L	Saudi Electricity Company	General Electric Company	AP083340XB	5/15/2009	No	$137,747,122.00	$151,076,500.00
Fossil Fuel Electric Power Generation	Saudi Arabia	Loan	L	Saudi Electricity Company	General Electric Company	AP083340XC	5/15/2009	No	$534,182,310.00	$611,097,142.00
Fossil Fuel Electric Power Generation	Jamaica	Insurance	S	Jamaica Public Service Co Ltd	Turbo Services Inc	445987	6/4/2009	Yes	$9,000,000.00	$9,000,000.00
Hydroelectric Power Generation	Costa Rica	Insurance	M	Instituto Costarricense de Electricidad	Corpac Steel Products Corp.	447384	6/16/2009	Yes	$10,000,000.00	$8,844,250.00
Electric Power Distribution	Jamaica	Guarantee	M	Jamaica Public Service Co Ltd	Various - United States Suppliers	AP084125XX	7/22/2009	Yes	$45,000,000.00	$41,294,700.00
Crude Petroleum And Natural Gas Extraction	Brazil	Guarantee	M	Petrobras Petroleo Brasileiro S.A.	Various - United States Suppliers	AP084193XX	2/4/2010	Yes	$353,000,000.00	$308,211,360.00
Hydroelectric Power Generation	Jamaica	Insurance	S	Jamaica Public Service Co Ltd	Shakespeare Composite Structures LLC	483216	8/16/2010	Yes	$9,000,000.00	$9,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Various - United States Small Suppliers	AP085219XX	9/29/2010	Yes	$224,346,031.00	$200,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Halliburton Energy Services	AP085220XX	9/29/2010	Yes	$448,692,062.00	$400,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Ensco Incorporated	AP085221XX	9/29/2010	Yes	$224,346,031.00	$200,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Solar Turbines	AP085222XX	9/29/2010	Yes	$224,346,031.00	$200,000,000.00
Crude Petroleum And Natural Gas Extraction	Colombia	Guarantee	M	Ecopetrol S.A.	Various - United States Suppliers	AP084891XX	12/16/2010	Yes	$490,000,000.00	$420,442,800.00
Grand Total									$13,806,310,365.20	$12,810,877,867.13

RESPONSE TO WRITTEN QUESTIONS OF CHAIRMAN JOHNSON FROM SEAN MULVANEY

Q.1. The President has called for a doubling of our nation's exports by 2015. In your view, what role should the Export-Import Bank play in that effort?

A.1. Trade is a very important part of the American economy. Some estimates put trade as contributing a quarter of U.S. GDP growth over the last decade. In 2008, total trade (exports plus imports) represented more than 30 percent of U.S. GDP. In 1947, when the GATT was launched, it represented only 7.5 percent of U.S. GDP. Exports represent 12.5 percent of U.S. GDP. Over the last 13 years, total U.S. exports have increased 6.8 percent per year (1995–2008).

The President has called for a doubling of our nation's exports by 2015 as part of his National Export Initiative (NEI). It is an ambitious goal that will require wide ranging efforts across the public and private sector. The Export-Import Bank of the United States plays an important role contributing to overall U.S. Government efforts. First, the Bank enables U.S. companies—large and small—to turn export opportunities into real sales that help maintain and create U.S. jobs and contribute to a stronger national economy. In fiscal year 2010 the Bank supported over $34 billion of U.S. exports with authorizations of direct loans, guarantees, and export insurance of nearly $25 billion.

Second, the Bank influences U.S. Governmentwide public awareness efforts about export opportunities. The Bank has more than 60 city/State partners in 40 States with a mission of expansion, promotion, and creation of jobs in a given region by helping to make available export financing and entrepreneurial services. The Bank cooperates with other Federal organizations such as OPIC, TDA, the Commerce Department, and USTR in providing leadership to this public awareness effort.

And third, the Bank is a member of the Trade Promotion Coordinating Committee, the U.S. Government inter-agency process that deliberates on U.S. trade policy and supports executive branch leadership on trade issues in conjunction with the Congress. Tools of the Bank to support U.S. exports under the National Export Initiative will need to be complemented by other public and private sector efforts such as bilateral trade agreements to remove barriers to U.S. exports (FTAs with Panama, Colombia, and South Korea) and regional trade liberalization efforts as the Trans Pacific Partnership. Private sector efforts to innovate and invest will be critically important as well to meeting America's export goals.

Q.2. Information technology is an important tool in ensuring that the Export-Import Bank is operated effectively and transparently. According to the Export-Import Bank's 2010 annual report, the Bank has taken several steps to improve its website and outreach efforts for customers and the public. How do you propose to work to further these initiatives?

A.2. Prior to this position, I served as the Assistant Administrator for Management, a Presidentially appointed and Senate-confirmed position, at the U.S. Agency for International Development. In this position, I supervised the Agency's Chief Information Officer (CIO)

and secured Agency approval of an IT strategic plan. Through this experience, I developed an understanding of key enterprise architecture and IT change management issues as organizations undergo substantial renovation or modernization of their IT infrastructure.

If confirmed, I would make every effort to bring this experience to the Bank's management. I would work with the Chairman and other Board members in oversight efforts that the Board might undertake as the Bank aims to implement IT improvements across its operations, particularly outreach efforts to customers and the general public.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR SHELBY FROM SEAN MULVANEY

Q.1. The duties of Board members of the U.S. Export-Import Bank (Ex-Im Bank) are not defined or explained in Ex-Im Bank's Charter. It is largely up to each Board member to determine how they want to have an impact on Ex-Im Bank.

What will each of your priorities be as Board members?

A.1. If confirmed, my primary responsibility and priority will be to exercise the fiduciary duty and Board oversight responsibility as requested by the President of the United States and expected under the law. The primary elements of this will be to assess the largest transactions considered by the Bank. In my nomination statement, I identified two priorities, including supporting the Bank's strategic plan developed in 2010 and improving Bank metrics that give stakeholders a sense of its performance over time.

The Bank completed a strategic review in July, 2010. The plan identified ways to expand awareness of Bank services through increased outreach and partnerships, and ways to improve turnaround time of transactions. Four key programmatic priorities were developed, including increase the number of small- and medium-sized businesses using Bank services, support for environmentally beneficial exports with a particular focus on renewable energy, target business development with high potential for U.S. export growth, and build expertise and product offering in industries with high potential for export growth.

Finally, if confirmed, I would like to help the Bank leadership and management explore opportunities to fill trade finance gaps facing U.S. service exporters. Between 1992 and 2009, U.S. services exports increased by 183 percent, reaching $502 billion in 2009 according to the Commerce Department. The services industry is the largest component of the U.S. economy, employing 8 of 10 Americans. U.S. service exports constitute 30 percent total value of all U.S. exports. The Bank currently supports about $2.5 billion in services exports, a modest percentage of its annual total program authorizations. The services portfolio of the Bank may have the potential to grow thereby enhancing U.S. service exports and job creation.

Q.2. Taking into consideration the Chairman's set of priorities and those mandated by Congress, which aspects of Ex-Im's operations would you each request to focus on, and why?

A.2. As part of its charter and authorization approved by Congress and the President, the Bank has a number of priorities. Board Members will undertake priorities and initiatives from time to time that are prescribed by the Bank's President that further the Bank's mission. These could include business development (international or domestic), priorities identified by Congress, and special projects. Priorities from the latest authorization agreed to by the President and the Congress include small business, women and minority-owned businesses, environmentally beneficial technologies and renewable energy, and Sub-Saharan Africa. Board members are expected to collaborate with the Chairman and select one of these areas and devote considerable effort in promoting and furthering the Bank's activities therein.

Working in partnership with the Chairman's office, the Bank directors are expected to select one or more target international markets for outreach and engagement. Ex-Im Bank has identified nine focus countries, including Brazil, Colombia, India, Indonesia, Mexico, Nigeria, South Africa, Turkey, and Vietnam. In addition, Board members are expected to select one or more key exporting sectors and conduct outreach to exporters in that sector domestically.

At this point, I have had no conversations with Chairman Hochberg so it is premature for me to firmly identify areas of priority since I need to work with him and the other Board members. I also would like to work with Bank staff to understand where there are needs to be filled. However, if confirmed, I believe that some of my skills and experiences could support Bank efforts to meet congressional directives relating to small business or perhaps Sub-Saharan Africa. Country or regional areas where I might add value to the Bank's mission include Turkey, South Africa, or Latin America. Potential sector areas where I might support the bank would include information and communication technology (that often include a services component) as well as medical technology. My earlier U.S. trade and development policy positions as well as private sector experience in the health care industry could be leveraged across these areas of Bank activity. For example, a number of countries in Latin America are partnered with the United States in either bilateral or regional trade agreements. Moreover, a number of these countries are either lower or middle income countries with significant opportunities for infrastructure development.

RESPONSE TO WRITTEN QUESTIONS OF SENATOR VITTER FROM SEAN MULVANEY

I do not have personal knowledge of the issues you raised. If I am confirmed, I will request to be briefed on them and will be happy to continue to work with you on these issues of concern. In the meantime, the Ex-Im Bank staff has provided the following information on the questions you asked.

Q.1. Please provide a list of all loans or other financial support over the last decade that have gone to foreign state-owned energy companies that have been utilized in projects for their domestic energy production or to increase refining capacity.

A.1. See attached spreadsheet.

Q.2. Please provide a list of the top 5 U.S. companies that have been financial beneficiaries of Ex-Im Bank financing over the last decade in terms of total dollar support.

A.2. See attached spreadsheet.

Q.3. Of the initial request for Ex-Im Bank financing by Petrobras based on the May 7, 2009 preliminary commitment of $2 billion how many companies have filed documentation to qualify?

A.3. As senior Bank officials explained to your staff at your office on May 6th, there is no process of qualification for a preliminary commitment, since the Bank acts on actual transactions, not non-binding preliminary commitments. We are close to finalizing a $308 million credit guarantee facility as part of the preliminary commitment. Bank transactions are individually evaluated on the bases of "reasonable assurance of repayment" and, where applicable, the Bank's environmental guidelines. In other words, the great majority of our credit evaluations involve foreign buyers of U.S. exports, in both the public and private sectors.

Q.4. What metrics does Ex-Im Bank use in analyzing the return on investment before approving loans?

A.4. Ex-Im Bank is not a traditional bank or a for-profit business. Bank transactions are individually evaluated on the bases of "reasonable assurance of repayment." Other return on Ex-Im Bank transactions that is important can be measured, when possible, in U.S. jobs. Our measurement is that, on average, every $1 billion in U.S. exports supports approximately 7,400 U.S. jobs. The Bank's primary mission is to support jobs through exports.

Through prudent management the Bank has been self-sustaining since fiscal year 2008, meaning that revenues have exceeded losses and expenses. The Bank has returned more than $3.4 billion over the past 5 years. In addition, Congress recently rescinded $275 million of the Bank's excess funds as part of the fiscal year 2011 Continuing Resolution, which is additional money that benefits the U.S. taxpayers.

Q.5. What is the minimal return on investment Ex-Im requires before issuing a loan or any other form of financial support?

A.5. The Federal Credit Reform Act of 1990 requires Ex-Im Bank to set aside reserves for all transactions at the time of authorization or commitment. If funds are not available at that time, the Ex-Im Bank is legally prohibited from approving a transaction. Since fiscal year 2008, Ex-Im Bank has been self-sustaining where the fees charged on our transactions have paid for both prudent loan loss reserves as well as the Bank's Administrative expenses. Again, Bank transactions are individually evaluated on the bases of "reasonable assurance of repayment" and the other return on Ex-Im Bank transactions that is important can be measured, when possible, in U.S. jobs. By the congressional mandate in our charter, Ex-Im Bank must find a reasonable assurance of repayment before it can approve a transaction. Transactions must also comply, where applicable, with our environmental guidelines. The return on investment is measured in U.S. jobs supported.

Q.6. Please provide a list of all Ex-Im financing in which GE was the beneficiary over the last decade.

A.6. See attached spreadsheet.

Q.7. Please provide a list of all financial arrangements that have gone bad or not been repaid and by what companies and in what countries over the last decade.

A.7. See attached spreadsheet.

Q.8. What is the total dollar amount of all outstanding Ex-Im financing obligations and what is the estimated annual return on investment for each year over the next 5 years.

A.8. The Export-Import Bank has been self-sustaining since fiscal year 2008 and expects to be self-sustaining going forward. As a self-sustaining agency, Ex-Im Bank pays for all annual costs from receipts or fees that we charge on the supported transactions. The following chart shows that Bank's self-sustaining results since fiscal year 2008.

Export-Import Bank of the United States Self-Sustaining Results

FY 2008–FY 2010

(dollars in millions)

FY	Authorized Amount	Revenue	Expenses	Net
2008	$14,398.9	$122.8	$103.4	$19.4
2009	$21,021.1	$292.1	$118.5	$173.6
2010	$24,467.8	$479.4	$126.8	$352.6

As a result of our self-sustaining, The Bank in fiscal year 2009, Bank returned to the U.S. Treasury $136 million as negative subsidy and in fiscal year 2011, the U.S. Congress rescinded $275 million in unobligated balances. During the past 5 years, the Bank has returned $3.4 billion to the U.S. Treasury.

The Ex-Im Bank is a demand driven agency and we forecast total exposure growth of approximately 12 percent per year. In fiscal year 2010, Ex-Im Bank's total exposure was $75.2 billion and by the end of fiscal year 2014, the Bank forecasts exposure to be $125 billion. The exposure increase is driven by the significant increase in new authorizations. Since fiscal year 2008, new authorizations have increased an average of 25 percent per year. Based on the Bank's new authorization pipeline and other factors, we forecast growth in new authorization at 15 percent per year after fiscal year 2010. The Bank will continue to be self-sustaining during this time and forecasts revenue of $468 million compared to expenses of $201 million during fiscal year 2012. By fiscal year 2014, the Bank forecasts revenue to grow to approximately $1.0 billion with expense levels slightly higher than the fiscal year 2012 levels.

Buyer Economic Sector	Deal Country	Program	Term	Primary Buyer Name	Primary Exporter Name	Deal Number	Date Authorized	Small Business Flag	Export Value	Authorized Amount
Fossil Fuel Electric Power Generation	Brazil	Loan	L	Petrobras Petroleo Brasileiro S.A.	General Electric Company	AP076707XX	1/25/2001	No	$35,437,045.46	$44,041,524.00
Fossil Fuel Electric Power Generation	Brazil	Loan	L	Petrobras Petroleo Brasileiro S.A.	General Electric Company	AP076708XX	1/25/2001	No	$35,361,725.58	$44,250,521.00
Other Electric Power Generation	Ghana	Loan	L	Minst Of Mines & Energy	Solar Outdoor Lighting Inc	AP075408XX	5/7/2001	Yes	$0.00	$5,430,935.00
Fossil Fuel Electric Power Generation	Brazil	Loan	L	Petrobras Petroleo Brasileiro S.A.	General Electric Company	AP076707XX	5/10/2001	No	$42,952,534.54	$53,381,851.00
Fossil Fuel Electric Power Generation	Brazil	Loan	L	Petrobras Petroleo Brasileiro S.A.	General Electric Company	AP076708XX	5/10/2001	No	$42,658,805.43	$53,381,851.00
Crude Petroleum and Natural Gas	Venezuela	Guarantee	M	Bariven Sa	PDVSA Services Inc	AP077175XX	5/24/2001	No	$221,620,154.00	$196,081,756.00
Oil and Gas Field Services - NEC	India	Insurance	S	Indian Oil Corporation	Joshi Technologies	137430	7/10/2001	Yes	$1,250,000.00	$1,250,000.00
Fossil Fuel Electric Power Generation	Mexico	Guarantee	L	Comision Federal De Electricidad	Siemens	AP076371XX	9/17/2001	No	$97,996,523.00	$103,904,672.00
Electric Power Transmission Lines	Belize	Guarantee	M	Belize Electricity Limited	Ohm International Corporation	AP077777XX	9/25/2001	No	$7,105,177.11	$6,770,073.00
Crude Petroleum and Natural Gas	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Kellogg Brown & Root	AP077513XX	9/28/2001	No	$335,336,034.00	$300,000,000.00
Crude Petroleum and Natural Gas	Algeria	Guarantee	L	Sonatrach	Halliburton Energy Services	AP077618XX	9/28/2001	No	$55,893,332.00	$51,395,596.00
Crude Petroleum and Natural Gas	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	M-I Llc	AP077625XX	9/28/2001	No	$145,050,433.00	$130,000,000.00
Crude Petroleum and Natural Gas	Mexico	Guarantee	M	Pemex	Various - United States Suppliers	AP077556XX	10/1/2001	No	$70,588,235.00	$61,644,000.00
Hydroelectric Power Generation	Venezuela	Guarantee	L	Electrificacion Del Caroni	Harza Engineering Co.	AP075405XX	10/11/2001	No	$48,027,898.69	$45,000,000.00
Crude Petroleum and Natural Gas	Mexico	Insurance	M	Pemex	FS Elliott Company Inc	186023	11/19/2001	Yes	$250,000,000.00	$250,000,000.00
Electric Services-Electric Power Generation - Trans	Belize	Guarantee	M	Belize Electricity Limited	Peco International Electric	AP076091XX	11/30/2001	Yes	$112,641.94	$105,618.35
Crude Petroleum and Natural Gas	Mexico	Insurance	S	Pemex Exploracion Y Produccion	Process & Compression	231100	3/15/2002	Yes	$750,000.00	$750,000.00
Electric Power Transmission Lines	Belize	Guarantee	M	Belize Electricity Limited	Ohm International Corporation	AP077777XX	3/22/2002	No	$394,625.89	$376,014.00
Crude Petroleum and Natural Gas	Brazil	Guarantee	L	Petrobras Petroleo Brasileiro S.A.	Wellstream Inc	AP076058XX	3/28/2002	No	$0.00	$8,739,272.00
Fossil Fuel Electric Power Generation	Venezuela	Guarantee	L	C.A. Energia Electrica De Venezuela	General Electric Company	AP077805XX	6/20/2002	No	$93,353,300.00	$87,500,000.00
Oil and Gas Field Services - NEC	India	Insurance	S	Indian Oil Corporation	Joshi Technologies	137430	7/11/2002	Yes	$1,250,000.00	$1,250,000.00
Electric Services-Electric Power Generation - Trans	Venezuela	Guarantee	M	C.A. La Electricidad De Caracas	Various - United States Suppliers	AP078045XX	7/11/2002	No	$29,412,000.00	$26,607,713.00
Electric Services-Electric Power Generation - Trans	Venezuela	Guarantee	M	C.A. La Electricidad Caracas Saca Saica	Various - United States Suppliers	AP074749XX	7/15/2002	No	$538,035.27	$482,427.78
Electric Power Generation - Natural Gas	Mexico	Guarantee	L	Comision Federal De Electricidad	General Electric Company	AP078480XX	7/25/2002	No	$30,397,267.39	$31,183,915.00
Crude Petroleum and Natural Gas	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Halliburton Energy Services	AP078229XA	9/30/2002	Yes	$223,950,914.00	$200,000,000.00
Crude Petroleum and Natural Gas	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Kellogg Brown & Root	AP078229XB	9/30/2002	No	$336,395,494.00	$300,000,000.00
Electric Power Distribution - Lines and Equipment	Belize	Guarantee	M	Belize Electricity Limited	Peco International Electric	AP079031XX	11/5/2002	No	$5,804,054.00	$5,435,671.00
Crude Petroleum and Natural Gas	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Dowell Product Center	AP078229XC	12/19/2002	No	$223,986,474.00	$200,000,000.00
Electric Power Generation - Nuclear	Romania	Guarantee	L	Societatea Nationala Nuclearelectrica Sa	General Electric Company	AP078523XX	12/19/2002	No	$29,676,464.00	$29,535,945.00
Electric Services-Electric Power Generation - Trans	Israel	Guarantee	L	Israel Electric Corp Ltd	Siemens	AP077768XX	1/9/2003	No	$32,612,131.00	$35,123,265.00
Electric Power Generation - Combustion Turbine	Israel	Guarantee	L	Israel Electric Corp Ltd	General Electric Company	AP078104XX	1/16/2003	No	$0.00	$43,820,487.00
Crude Petroleum and Natural Gas	Mexico	Insurance	M	Pemex	FS Elliott Company Inc	186023	3/5/2003	Yes	$250,000,000.00	$250,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Dowell Product Center	AP078229XD	3/6/2003	No	$447,247,620.00	$400,000,000.00
Electric Power Generation	Mexico	Guarantee	M	Comision Federal De Electricidad	Various - United States Suppliers	AP079386XX	5/8/2003	Yes	$47,058,823.00	$41,092,000.00

Buyer Economic Sector	Deal Country	Program	Term	Primary Buyer Name	Primary Exporter Name	Deal Number	Date Authorized	Small Business Flag	Export Value	Authorized Amount
Natural Gas Liquid Extraction	Mexico	Guarantee	L	Pemex Gas Y Petroquimica Basica	Linde Boc Process Plants Llc	AP079443XX	5/22/2003	No	$53,332,129.00	$47,657,858.00
Oil And Gas Extraction	Mexico	Guarantee	M	Pemex	Various - United States Suppliers	AP079595XX	7/24/2003	Yes	$88,235,294.00	$77,047,500.00
Electric Services-Electric Power Generation - Trans	Mexico	Insurance	M	Comision Federal de Electricidad	Various - United States Suppliers	245035	8/18/2003	Yes	$4,141,609.97	$4,141,609.97
Fossil Fuel Electric Power Generation	Mexico	Guarantee	L	Comision Federal De Electricidad	Siemens	AP079193XX	12/23/2003	Yes	$132,651,746.00	$140,345,547.00
Electric Services-Electric Power Generation - Trans	Korea, South	Insurance	S	KEPCO	Scan System Corporation	258657	1/6/2004	Yes	$39,956.00	$39,956.00
Crude Petroleum and Natural Gas	Brazil	Insurance	S	Petrobras Petroleo Brasileiro S.A.	Petreco International Inc	260927	1/23/2004		$720,000.00	$720,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Solar Turbines	AP080074XX	3/11/2004	No	$338,017,772.00	$300,000,000.00
Other Electric Power Generation	Egypt	Guarantee	L	Cairo Electricity Production Company	General Electric Company	AP079289XX	4/22/2004	No	$74,301,900.00	$90,809,958.00
Crude Petroleum and Natural Gas	Mexico	Insurance	M	Pemex	FS Elliott Company Inc	186023	5/11/2004	Yes	$250,000,000.00	$250,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Pride Offshore Inc.	AP080231XX	5/13/2004	No	$225,161,835.00	$200,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Globe Exploration Services Llc	AP080385XX	5/21/2004	Yes	$225,266,331.01	$200,000,000.00
Hydroelectric Power Generation	Venezuela	Guarantee	M	Electrificacion Del Caroni	Harza Engineering Co.	AP075405XX	6/29/2004	No	$1,658,799.31	$1,554,221.00
Electric Services-Electric Power Generation - Trans	Mexico	Insurance	M	Comision Federal de Electricidad	Various - United States Suppliers	270264	9/7/2004	Yes	$6,072,680.00	$6,072,680.00
Electric Services-Electric Power Generation - Trans	Mexico	Insurance	M	Comision Federal de Electricidad	Various - United States Suppliers	272815	9/7/2004	Yes	$3,508,578.00	$3,508,578.00
Crude Petroleum and Natural Gas	Mexico	Insurance	S	Pemex, Exploracion Y Produccion	Bender Shipbuilding & Repair	272104	9/8/2004	Yes	$6,300,000.00	$6,300,000.00
Electric Services-Electric Power Generation - Trans	Mexico	Insurance	M	Comision Federal de Electricidad	Various - United States Suppliers	274183	9/23/2004	Yes	$6,072,680.00	$6,072,680.00
Electric Services-Electric Power Generation - Trans	Mexico	Insurance	M	Comision Federal de Electricidad	Various - United States Suppliers	274175	9/24/2004	Yes	$3,508,578.00	$3,508,578.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex, Exploracion Y Produccion	Nabors Industries Inc	AP080947XX	9/30/2004	Yes	$450,409,873.00	$400,000,000.00
Electric Power Distribution	Belize	Guarantee	M	Belize Electricity Limited	Electric Supply Of Tampa Inc	AP081053XX	10/13/2004	Yes	$5,613,044.00	$5,166,134.00
Electric Power Generation - Natural Gas	Mexico	Guarantee	L	Comision Federal De Electricidad	General Electric Company	AP078480XX	2/23/2005	No	$9,899.61	$10,155.80
Crude Petroleum And Natural Gas Extraction	Brazil	Guarantee	L	Petrobras Petroleo Brasileiro S.A.	Petreco International Inc	AP081532XX	5/9/2005	Yes	$0.00	$21,128,276.00
Electric Services-Electric Power Generation - Trans	Mexico	Insurance	M	Comision Federal de Electricidad	Various - United States Suppliers	281626	5/24/2005	Yes	$2,784,567.00	$2,784,567.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Pride Offshore Inc.	AP081769XX	9/28/2005	Yes	$344,030,779.00	$300,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Solar Turbines	AP081863XX	9/29/2005	Yes	$458,752,423.00	$400,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Pride Offshore Inc.	AP081892XX	9/29/2005	Yes	$343,863,188.00	$300,000,000.00
Electric Power Distribution	Belize	Guarantee	M	Belize Electricity Limited	Delta Star Inc	AP081653XX	10/25/2005	No	$10,780,956.00	$10,152,591.00
Other Electric Power Generation	Uruguay	Guarantee	L	Admin Nac De Usinas Y Transmision Elect	Ge Energy Products, Inc	AP082071XX	3/9/2006	No	$52,798,259.00	$54,038,249.00
Electric Services-Electric Power Generation - Trans	Mexico	Insurance	M	Comision Federal de Electricidad	Various - United States Suppliers	291906	4/13/2006	Yes	$2,907,637.00	$2,907,637.00
Other Electric Power Generation	Mexico	Guarantee	L	Comision Federal De Electricidad	General Electric Company	AP082223XX	5/3/2006	No	$26,369,494.00	$24,264,586.00
Fossil Fuel Electric Power Generation	Mexico	Guarantee	L	Comision Federal De Electricidad	General Electric Company	AP082250XX	7/28/2006	No	$15,618,964.10	$15,323,697.00

Buyer Economic Sector	Deal Country	Program	Term	Primary Buyer Name	Primary Exporter Name	Deal Number	Date Authorized	Small Business Flag	Export Value	Authorized Amount
Crude Petroleum and Natural Gas	Mexico	Insurance	M	Pemex	FS Elliott Company Inc	186023	9/6/2006	Yes	$250,000,000.00	$250,000,000.00
Electric Services-Electric Power Generation - Trans	Mexico	Insurance	M	Comision Federal de Electricidad	Various - United States Suppliers	296186	9/12/2006	Yes	$776,052.00	$776,052.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Schlumberger Technology Corp	AP082635XX	9/14/2006	Yes	$171,831,147.00	$150,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Solar Turbines	AP082654XX	9/28/2006	Yes	$401,800,064.00	$350,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Pride Offshore Inc.	AP082679XX	9/28/2006	Yes	$286,748,218.00	$250,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Pride Offshore Inc.	AP082693XX	9/28/2006	Yes	$344,265,681.00	$300,000,000.00
Fossil Fuel Electric Power Generation	Mexico	Guarantee	L	Comision Federal De Electricidad	Siemens	AP082564XX	11/15/2006	No	$26,870,471.01	$27,319,313.00
Electric Services-Electric Power Generation - Trans	Mexico	Insurance	M	Comision Federal de Electricidad	Various - United States Suppliers	298299	11/21/2006	Yes	$2,630,637.00	$2,630,637.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Cromaglass Corporation	AP082750XX	11/30/2006	Yes	$115,137,071.00	$100,000,000.00
Electric Services-Electric Power Generation - Trans	Mexico	Insurance	M	Comision Federal de Electricidad	Various - United States Suppliers	297325	12/8/2006	Yes	$850,189.00	$850,189.00
Other Electric Power Generation	Mexico	Insurance	M	Comision Federal de Electricidad	Nudear Measurements Corporation	299347	4/27/2007	Yes	$179,235.00	$154,589.55
Other Electric Power Generation	Mexico	Insurance	M	Comision Federal de Electricidad	Nudear Measurements Corporation	410339	7/5/2007	Yes	$324,408.00	$238,065.39
Other Electric Power Generation	Sri Lanka	Guarantee	L	Lakdhanavi Limited	General Electric Company	AP083216XX	7/27/2007	No	$20,001,522.00	$24,113,636.00
Other Electric Power Generation	Mexico	Insurance	M	Comision Federal de Electricidad	General Electric Company	409273	8/2/2007	Yes	$2,714,820.00	$2,066,045.89
Nuclear Electric Power Generation	Mexico	Insurance	M	Comision Federal de Electricidad	General Electric Company	409275	8/15/2007	Yes	$890,113.00	$677,398.50
Nuclear Electric Power Generation	Mexico	Insurance	M	Comision Federal de Electricidad	Automatic Valve Corp	411072	8/15/2007	Yes	$414,750.00	$357,790.82
Nuclear Electric Power Generation	Mexico	Insurance	M	Comision Federal de Electricidad	Sansy's Company Inc.	408961	8/24/2007	Yes	$473,894.00	$409,174.40
Nuclear Electric Power Generation	Mexico	Insurance	M	Comision Federal de Electricidad	General Electric Company	408363	8/27/2007	Yes	$659,368.00	$569,318.32
Nuclear Electric Power Generation	Mexico	Insurance	M	Comision Federal de Electricidad	General Electric Company	409272	9/4/2007	Yes	$1,690,927.00	$1,312,444.96
Nuclear Electric Power Generation	Mexico	Insurance	M	Comision Federal de Electricidad	Ergytech, Inc.	408365	9/26/2007	Yes	$309,803.00	$233,227.08
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Nabors Industries Inc	AP083385XX	9/27/2007	Yes	$229,219,793.00	$200,000,000.00
Nuclear Electric Power Generation	Mexico	Insurance	M	Comision Federal de Electricidad	Tyco Valves and Controls LP	410233	10/11/2007	Yes	$686,470.00	$532,816.18
Nuclear Electric Power Generation	Mexico	Insurance	M	Comision Federal de Electricidad	General Electric Company	412907	10/15/2007	Yes	$778,179.00	$603,997.47
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Schlumberger Well Services	AP083421XX	6/12/2008	Yes	$114,732,845.00	$100,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex, Exploracion Y Produccion	Halliburton Energy Services	AP083490XX	6/12/2008	Yes	$460,142,990.00	$400,000,000.00
Nuclear Electric Power Generation	Mexico	Insurance	M	Comision Federal de Electricidad	Cameron Technologies US, Inc.	425168	6/19/2008	Yes	$2,875,400.00	$2,482,706.62
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Pride International, Inc	AP083441XX	7/31/2008	Yes	$230,116,497.00	$200,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Various - United States Small Suppliers	AP083597XX	7/31/2008	Yes	$172,132,841.00	$150,000,000.00
Electric Power Distribution	Ghana	Loan	L	Minst Of Mines & Energy	Weldy-Lamont Associates Inc	AP081922XX	8/28/2008	Yes	$297,500,000.00	$344,231,003.00
Fossil Fuel Electric Power Generation	Mexico	Guarantee	L	Comision Federal De Electricidad	General Electric Company	AP082250XX	9/23/2008	No	$5,046,174.89	$4,950,780.00

Buyer Economic Sector	Deal Country	Program	Term	Primary Buyer Name	Primary Exporter Name	Deal Number	Date Authorized	Small Business Flag	Export Value	Authorized Amount
Crude Petroleum And Natural Gas Extraction	Mexico	Insurance	S	Pemex Exploracion y Produccion	Living Quarter Technology Inc	442890	1/27/2009	Yes	$4,399,110.00	$4,399,110.00
Nuclear Electric Power Generation	Mexico	Insurance	M	Comision Federal de Electricidad	Ergytech, Inc.	441347	2/6/2009	Yes	$389,689.00	$250,631.05
Crude Petroleum And Natural Gas Extraction	Mexico	Loan	L	Pemex Exploracion Y Produccion	Noble Drilling Corporation	AP084134XX	4/23/2009	Yes	$685,722,123.00	$600,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Loan	L	Pemex Exploracion Y Produccion	Diamond Offshore Drilling Inc	AP084137XX	4/23/2009	Yes	$342,861,061.00	$300,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Various - United States Small Suppliers	AP084133XX	4/30/2009	Yes	$228,574,041.00	$200,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Loan	L	Pemex Exploracion Y Produccion	Pride International, Inc	AP084135XX	4/30/2009	Yes	$171,430,531.00	$150,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Exterran Energy Corp	AP084136XX	4/30/2009	Yes	$114,287,020.00	$100,000,000.00
Fossil Fuel Electric Power Generation	Saudi Arabia	Loan	L	Saudi Electricity Company	General Electric Company	AP083340XA	5/15/2009	No	$132,040,929.00	$150,662,023.00
Fossil Fuel Electric Power Generation	Saudi Arabia	Loan	L	Saudi Electricity Company	General Electric Company	AP083340XB	5/15/2009	No	$137,747,122.00	$151,076,500.00
Fossil Fuel Electric Power Generation	Saudi Arabia	Loan	L	Saudi Electricity Company	General Electric Company	AP083340XC	5/15/2009	No	$534,182,310.00	$611,097,142.00
Fossil Fuel Electric Power Generation	Jamaica	Insurance	S	Jamaica Public Service Co Ltd	Turbo Services Inc	445987	6/4/2009	Yes	$9,000,000.00	$9,000,000.00
Hydroelectric Power Generation	Costa Rica	Insurance	M	Instituto Costarricense de Electricidad	Corpac Steel Products Corp.	447384	6/16/2009	Yes	$10,000,000.00	$8,844,250.00
Electric Power Distribution	Jamaica	Guarantee	M	Jamaica Public Service Co Ltd	Various - United States Suppliers	AP084125XX	7/22/2009	Yes	$45,000,000.00	$41,294,700.00
Crude Petroleum And Natural Gas Extraction	Brazil	Guarantee	M	Petrobras Petroleo Brasileiro S.A.	Various - United States Suppliers	AP084193XX	2/4/2010	Yes	$353,000,000.00	$308,211,360.00
Hydroelectric Power Generation	Jamaica	Insurance	S	Jamaica Public Service Co Ltd	Shakespeare Composite Structures LLC	483216	8/16/2010	Yes	$9,000,000.00	$9,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Various - United States Small Suppliers	AP085219XX	9/29/2010	Yes	$224,346,031.00	$200,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Halliburton Energy Services	AP085220XX	9/29/2010	Yes	$448,692,062.00	$400,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Ensco Incorporated	AP085221XX	9/29/2010	Yes	$224,346,031.00	$200,000,000.00
Crude Petroleum And Natural Gas Extraction	Mexico	Guarantee	L	Pemex Exploracion Y Produccion	Solar Turbines	AP085222XX	9/29/2010	Yes	$224,346,031.00	$200,000,000.00
Crude Petroleum And Natural Gas Extraction	Colombia	Guarantee	M	Ecopetrol S.A.	Various - United States Suppliers	AP084891XX	12/16/2010	Yes	$490,000,000.00	$420,442,800.00
Grand Total									$13,806,310,365.20	$12,810,877,867.13