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NOMINATIONS OF: JAMES S. SIMPSON, ROBERT M. COUCH, CHRISTOPHER A. PADILLA, AND BIJAN RAFIEKIAN

HEARING

BEFORE THE

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

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

ON

NOMINATIONS OF:

JAMES S. SIMPSON, OF NEW YORK, TO BE FEDERAL TRANSIT ADMINISTRATOR, U.S. DEPARTMENT OF TRANSPORTATION

ROBERT M. COUCH, OF ALABAMA, TO BE PRESIDENT, GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GINNIE MAE)

CHRISTOPHER A. PADILLA, OF THE DISTRICT OF COLUMBIA, TO BE ASSISTANT SECRETARY, U.S. DEPARTMENT OF COMMERCE

BIJAN RAFIEKIAN, OF CALIFORNIA, TO BE A MEMBER OF THE BOARD OF DIRECTORS, EXPORT-IMPORT OF THE UNITED STATES

MARCH 14 AND SEPTEMBER 27, 2006

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NOMINATIONS OF: JAMES S. SIMPSON, OF NEW YORK, TO BE FEDERAL TRANSIT ADMINISTRATOR, U.S. DEPARTMENT OF TRANSPORTATION AND ROBERT M. COUCH, OF ALABAMA, TO BE PRESIDENT, GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GINNIE MAE)

TUESDAY, MARCH 14, 2006

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

The Committee met at 10:07 a.m., in room SD–538, Dirksen Senate Office Building, Senator Richard C. Shelby (Chairman of the Committee) presiding.

OPENING STATEMENT OF CHAIRMAN RICHARD C. SHELBY

Chairman SHELBY. The hearing will come to order.

We have two nominations which we will consider this morning. The first nomination is of James S. Simpson to be the Administrator of the Federal Transit Administration. The second nomination is that of Robert M. Couch, to be the President of the Government National Mortgage Association, which we call Ginnie Mae.

I appreciate the willingness of the nominees to appear before the Committee today. President Bush has nominated James S. Simpson of New York to head the Federal Transit Administration, the office within the Department of Transportation which oversees Federal investment in public transportation.

Mr. Simpson will be responsible for implementing SAFETEA, the 6-year transportation reauthorization legislation, which this Committee authored and which President Bush signed into law last year.

This is the first year of its implementation, and of course, a critical one. We will be closely watching the agency during this period to ensure that they are carrying out our Congressional intent. We want to know that the provisions of law that are so important to this Committee, private sector involvement being one of the many, are garnering the attention they deserve.

Before being nominated, Mr. Simpson served on the Board of the Metropolitan Transportation Authority of New York, a position he held for 8 years and to which he was appointed by Governor

Pataki. We are pleased to see a nominee for this important position who has professional experience in the provision of transportation service. Mr. Simpson, I look forward to your testimony.

Mr. SIMPSON. Thank you, Mr. Chairman.

Chairman SHELBY. Our second nominee is Robert Couch, whom President Bush has nominated to be President of the Government National Mortgage Association, or Ginnie Mae. Mr. Couch has served as president and Chief Executive Officer of the New South Federal Savings Bank in Birmingham, Alabama, the largest thrift in my State. He has also served as Managing Director of Collateral Mortgage Limited, a large originator and servicer of loans secured by commercial and multifamily real estate located in Birmingham.

Mr. Couch is no stranger to this Committee, having testified before the Committee on several occasions in his role as Chairman of the Mortgage Bankers Association of America. In addition to his experience in mortgage banking, Mr. Couch is also a certified public accountant and I know is an attorney.

After we administer the oath this morning, nominees may make their opening statement. You can also feel free at that time to introduce any members of your family that are here today. We will be joined by Senator Sarbanes in a few minutes. He has another Committee. If both of you will stand and let me administer the oath to you.

[Witnesses sworn.]

Senator, do you want to say something about both of them or one of them? Welcome again to the Committee. You have been here before us, too.

STATEMENT OF MAX CLELAND
MEMBER, BOARD OF DIRECTORS
EXPORT-IMPORT BANK OF THE UNITED STATES

Mr. CLELAND. Thank you very much, Mr. Chairman. Good to be back with you, my dear friend. I am sure that the great distinguished nominee from Alabama has all the qualifications necessary to carry out his task.

Chairman SHELBY. Absolutely. I am sure he does, too.

[Laughter.]

Mr. CLELAND. But I am here to speak on behalf of Jim Simpson.

Chairman SHELBY. I am sure Mr. Simpson does, too.

Mr. CLELAND. Yes, sir, on behalf of Jim Simpson, whom I have known for more than a decade. He has an extraordinary background in transportation.

Chairman SHELBY. He does.

Mr. CLELAND. He has been involved in transportation issues all of his adult life. He actually currently serves on the St. Lawrence Seaway Board, for which he was confirmed about a year and a half ago by the Senate.

But Jim began his career as a commercial interstate semi tractor trailer driver. He has done this business from the bottom up. He attended, worked his way through St. Johns University, and today, he is chairman of the very company he was a truck driver for: Victory Worldwide Transportation, a domestic and international moving and storage company, affiliated domestically with United Van Lines.

His company has been honored with an international trade award for exceptional international achievement, awarded that by the U.S. Department of Commerce. Jim's honors as an entrepreneur also include receiving the Employer of the Year Award from the American Moving and Storage Association. In addition, he was selected by Ernst and Young's Nasdaq judges as one of four finalists for the National Entrepreneur of the Year Award, so your emphasis on the private sector, Mr. Chairman, is well-placed here.

In June 1995, Jim began his 10-year tenure with the New York State Metropolitan Transportation Authority. He served as Chairman of two committees during this time: Safety and Security as well as Planning and Real Estate. The MTA runs on a $9 billion budget; is responsible for seven bridges and tunnels and provides 2.4 billion rides a year through buses, subways, or ferries in the State of New York and the City of New York.

Jim took on many projects during his decade-long service at the MTA. He advocated for an automatic fare collection system which resulted with the usage of Metrocards on subways, which replaced the burdensome tokens. As Chair of the Safety Committee after the September 11, 2001 terrorist attacks, he reviewed and upgraded MTA's security policies. He personally guided more than $600 million through in new security projects which helped restore the confidence of riders in MTA safety.

As the Chairman of the Real Estate and Planning Committee, he oversaw the $190 million Grand Central Terminal restoration project. Wow. Jim also served as spokesman last year for the project to convert a former Upper West Side rail yard into a $2 billion convention center and stadium. Jim is no stranger to large transportation projects.

He has served as a member of the New York State Job Development Authority, which provides long-term loans and guarantees to aid businesses relocating, expanding, and improving employment opportunities in the State of New York. As you mentioned, Mr. Chairman, Former New York City Mayor Rudy Giuliani appointed Jim as an honorary Deputy Police Commissioner for the New York City Police Department. He has received numerous citations from the Police Department and the Patrolmen's Benevolent Association for his support.

He has served also as Chairman of the Board of the Staten Island Chamber of Commerce, Vice Chairman of Snug Harbor Cultural Center, Staten Island University Hospital, St. Vincent's Hospital and on the boards of numerous other nonprofit organizations. He has received proclamations from former U.S. Representative Susan Molinari and the New York City Council for civic leadership.

He graduated magna cum laude from St. John's University with a B.S. in managerial science and economics. He is a member of the National Honor Society of Economics and the National Business Honor Society. He is also a 1995 alumnus of the Rockefeller Fellowship Program and a 1996 fellow of the Johns Hopkins University School of Advanced International Studies for its British-American Project.

Jim also is a licensed multiengine, instrument-rated pilot and flies both prop and jet aircraft. He is one of the most qualified people I have ever run across for public service, Mr. Chairman and

Senator Sarbanes, and it is my pleasure to introduce to the Committee my friend and a great public servant, Jim Simpson.

Chairman SHELBY. Thank you.

Senator Schumer.

STATEMENT OF SENATOR CHARLES E. SCHUMER

Senator SCHUMER. Thank you, Mr. Chairman, and I join my good friend Senator Cleland, who has every one of our respect for just not only his service both in the armed forces and in the Senate but also just by being a great human being, so thank you for being here, Max, and it is great to see you.

And I, too, join with him. I am delighted and proud to introduce, along with Senator Cleland, James Simpson, former MTA Authority Board Member, Staten Island business leader, and now nominee to be the next Administrator of the Federal Transit Administration.

I know that Jim will do a great job at the FTA and recommend his nomination wholeheartedly. We have a few things in common. We were both born in Brooklyn. But a good number of Brooklynites moved to Staten Island. Some of us stayed in Brooklyn; here I am, there he is, but we do share common bonds as New York City people through and through.

He graduated from St. Johns University and is even a member of the Staten Island Country Club. Everything about Jim is New York, and that is why I know he is going to do a great job among other things.

[Laughter.]

I hope that does not jeopardize his nomination with everyone else.

[Laughter.]

Jim worked his way up from being a driver at Victory Worldwide Transportation to serving as President and/or CEO for the last 20 years. The company started with only a few trucks, operating out of a storefront on Staten Island, and now, Victory is a worldwide transportation service provider and an economic engine for Staten Island and the whole city.

Jim will bring that Staten Island tough, no nonsense dedication to a job that is critical for the Nation's economy. New York, of course, is one of the economic engines of the country, and Jim, in no uncertain terms, kept the trains and trucks running on time. Jim served on the MTA Board for more than a decade. He was an active member of the New York City Transit Authority Committee, which oversees the city's subways and buses; was Chairman of the Safety and Security Committee in the aftermath of September 11, so he has a good background in homeland security as well, which obviously is very important when you are dealing with our rails.

Jim has been a New York City transportation leader, in short, for more than 20 years. During his tenure as an MTA Board Member, he had oversight over management and operations, budgets, capital programs, and as I said, worked with the MTA police to develop and implement new security plans after September 11 for what is by far the largest mass transit system in the country.

He served as a member of dozens of organizations, Chairman of the Staten Island Chamber of Commerce, which is one of the great

business organizations in New York; I am supposed to speak before them in a week or so, and the New York City Partnership and the New York State Job Development Authority.

So in short, Jim has gained a unique knowledge of how essential, safe, fast, and easily accessible transportation is to local communities and to the economic growth of States, regions, and the whole country. I believe that—I am going to ask unanimous consent my entire statement—I have so much to say, because I think he is a good man.

Chairman SHELBY. Your entire statement will be made part of the record without objection.

Senator SCHUMER. But in short, he is a thoughtful, knowledgeable, dedicated transportation official, and Jim, I look forward to working with you to make our Nation's mass transit systems the largest, safest, and most efficient in the world, should you be confirmed, which I hope you will be

Chairman SHELBY. Thank you, Senator Schumer.

Senator Sarbanes.

STATEMENT OF SENATOR PAUL S. SARBANES

Senator SARBANES. Well, thank you very much, Mr. Chairman. I want to welcome our two nominees this morning. We commend their willingness to serve the public. First, Mr. Couch, we are pleased to have you here. You have been nominated to be president of the Government National Mortgage Association.

Mr. COUCH. Yes, sir.

Senator SARBANES. And we know you. You have been in the lending business for quite awhile, and of course, were President of the Mortgage Bankers Association, which led to a lot of interaction with this Committee, since the Mortgage Bankers are constantly before us with respect to policy discussions and deliberations.

I know you have also been on the Federal Reserve Board's Thrift Advisory Council, as I understand it, and a Member of the Fannie Mae National Advisory Council and have taken an active role in your community in dealing with low income housing and homelessness, and I certainly commend you for those initiatives. Ginnie Mae has been now without a president since the end of 2004, if I am not mistaken.

Mr. COUCH. That is correct, Senator.

Senator SARBANES. So it went all of 2005 without a confirmed president.

They do important work. I am going to explore some of it with you in the question period, but you certainly bring qualifications to the job and previous experience which is highly relevant to the work that you are now being called on to do.

I also want to welcome Jim Simpson, who is being considered for the position of Federal Transit Administrator. I thank our former colleagues, Senator Cleland, for coming this morning to introduce you, Mr. Simpson. You will be leading the FTA, if confirmed, through a critically important period. We just passed the surface transportation law. It provides a record level of funding, a number of new requirements for the FTA, some new programs, including the transit and the parks program, which is one I have had a keen

interest in; modifications to existing programs, all of which will now need to be put in effect.

You are also going to be, and I am sure you appreciate this, the Nation's leading spokesperson for transit. I mean, you are the Federal Transit Administrator or will be, and of course, that is a very important aspect of the job. Your work on the Board of the New York Metropolitan Transit Authority obviously has exposed you to challenges facing our Nation's transit systems, and it is obviously quite relevant to the position for which you have now been nominated.

So Mr. Chairman, I look forward to the hearing and then to the expeditious consideration of these nominees.

Thank you.

Chairman SHELBY. Thank you, Senator Sarbanes.

Senator Martinez, do you have any opening statement?

STATEMENT OF SENATOR MEL MARTINEZ

Senator MARTINEZ. Mr. Chairman, I just wanted to say a couple of words in regard to the nomination for the new President of Ginnie Mae. I had, of course, as you know, the opportunity as Secretary of HUD to nominate someone to be the president of Ginnie Mae, and I was very proud of the work that Ronnie Rosenfeld did as President of Ginnie Mae, and I know Mr. Couch, and I know his fine background. I also believe it is important that—

Chairman SHELBY. You know where he is from, do you not?

Senator MARTINEZ. Yes, sir, I understand that he has a great lineage.

[Laughter.]

Senator MARTINEZ. In fact, in the course of my work at HUD, I got to know Mr. Couch, and I know that he will do an excellent job, but I also, in addition, I just wanted to put a statement for the record.

Chairman SHELBY. Without objection, your full statement will be made part of the record.

Senator MARTINEZ. Thank you.

I just wanted to highlight the fact that I believe a number of very important innovations were created by Mr. Rosenfeld during his administration. I hope you will take a good look at those and encourage them and further them, because I think what Ginnie Mae does is tremendously important to providing one more element to making housing affordable, to making mortgages possible, and I just really appreciate greatly the great work that has been done at Ginnie Mae, modernizing, moving forward in a very dynamic way, and I hope that you will very much continue in that path.

I think we have an outstanding nominee, and I do believe that it would be important for the Senate to quickly confirm Mr. Couch to this important position, and I appreciate the Chair.

Mr. COUCH. Thank you, Senator.

Chairman SHELBY. Senator Reed.

STATEMENT OF SENATOR JACK REED

Senator REED. Thank you very much, Mr. Chairman. And let me welcome Mr. Simpson and Mr. Couch here today and Max Cleland,

who is a great hero, great friend, great inspiration to us all. Thanks, Max. It is always a pleasure to see you.

I would like to put my statement in the record and make a few comments.

Chairman SHELBY. Without objection, it will be so ordered.

Senator REED. Mr. Simpson, we all recognize public transit is essential to millions of Americans, and not just in New York City but all over the country. And there are two issues that I think we have to emphasize at this hearing and in your tenure. First is the overall funding for transit and second, specifically funding for transit security.

The President said, and we all agree, that we are addicted to oil. One of the best ways to kick the habit is to have good public transit, and that means spending money. Unfortunately, the President's proposal this year is $100 million less than what was proposed and authorized under SAFETEA. So one of your biggest challenges, if you are confirmed, and I suspect you will be, is to try to drive that money up so we can meet the objectives of the SAFETEA Act.

And second, transit security: we have spent a great deal of money appropriately on airline safety, but if we all recall, the two major incidents since September 11 involved subway trains in Madrid and in London, and we have not done nearly anything with respect to surface transportation. We have only allocated about $250 million. We need much, much more, I do not think I have to tell you, being someone from New York City, and you have to work closer with Homeland Security. So you have huge challenges facing you, and I look forward to the questioning to get into detail.

And Mr. Couch, again, it was a pleasure meeting with you, and I wish you well, and you have great experience coming into Ginnie Mae. The reality is affordable housing is just getting beyond everyone's grasp. In Rhode Island, to get an adequate two-bedroom apartment, you have to earn $18.42 an hour. That is way above minimum wage, even in Rhode Island, and how do we do that? And I think Ginnie Mae plays a critical role, because what you are doing is trying to ensure that households can finance affordable housing, and one of the goals of Ginnie Mae is to provide more affordable housing, and we will talk about it in the questioning.

But I am pleased that we have this hearing and look forward to the witnesses' comments. Thank you, Mr. Chairman.

Chairman SHELBY. Thank you, Senator Reed.

We will start with you, Mr. Simpson. Do you have any members of your family you want to introduce?

Mr. SIMPSON. Yes, I do, Mr. Chairman. I have my wife, Trudy Simpson; my niece, Ashley Simpson; and my sister, Maria Simpson with us today.

Chairman SHELBY. You also have a couple of daughters, do you not?

Mr. SIMPSON. I have two daughters that unfortunately are not with us today, but one has an illness, unfortunately, and I understand with our modern technology, they are somehow listening in, so they are here in spirit.

Chairman SHELBY. Mr. Couch, do you have anyone you want to introduce here?

Mr. COUCH. Yes, Mr. Chairman, I do.

Behind me on my left is my daughter, Frannie, who is a senior in high school, and my wife, Anne, is to my other side, and like Jim, I have another daughter who is studying abroad. She is in Seville, Spain, and I think she is watching this on the Internet.

Chairman SHELBY. She probably is.

Mr. Simpson, you proceed as you wish. You and Mr. Couch, your written testimony will be made part of the hearing record. You sum up what you want to say.

STATEMENT OF JAMES S. SIMPSON, OF NEW YORK TO BE ADMINISTRATOR, FEDERAL TRANSIT ADMINISTRATION U.S. DEPARTMENT OF TRANSPORTATION

Mr. SIMPSON. Great. First, I would like to thank Senator Schumer for his kind remarks and just let the Senator and his staff know if confirmed, I would enjoy having the opportunity to work with him on many of the issues facing New York City.

And second, I would like to thank my dear friend, Senator Cleland, who said we have only been friends for 10 years, but it is really 15 years, and he has been a true inspiration to me throughout my life.

Chairman SHELBY. He did not want to be 5 years older. Ten years sounds better.

[Laughter.]

Mr. SIMPSON. Okay; and he has been a true inspiration in my life, and I am proud to be able to call him my friend.

And then, I would like to begin with my written testimony.

Chairman SHELBY. Go ahead.

Mr. SIMPSON. Mr. Chairman and Members of the Committee, I believe one of the highest honors bestowed upon an American citizen is to sit before a U.S. Senate Committee for a confirmation hearing. I am both humbled and honored for having the opportunity to come before you today.

I want to thank President Bush for having the confidence in me and nominating me to another post within the Department of Transportation. As you may be aware, I currently serve the President as a Member of the St. Lawrence Seaway Development Corporation Advisory Board. I would also like to thank Secretary Mineta for his support of me as Administrator of the Federal Transit Administration.

Many of my life's experiences have had a profound impact on me as an advocate for public transportation. As the oldest of four children, growing up in New York City, I am keenly aware of how public transit impacts the lives and families of individuals. I have witnessed how public transit moves people who are economically disadvantaged from the home to the workplace. Transit made it possible for my mother to commute to Manhattan for employment, which enabled our family to move off welfare. Public transportation provided me with the opportunity to travel from home in Staten Island to school in Brooklyn and to work in Manhattan after school via five buses, one ferry and subway each day. Without a family automobile, I viewed affordable public transit as a necessity and as a vehicle that created a sense of freedom. Public transit opened a

world of social and cultural diversity. It made summers possible at Coney Island, winters in Central Park, and it exposed me to Times Square, the Museum of Natural History, Yankee Stadium, the World's Fair, Chinatown, and Little Italy. All of these influences, fostered by public transportation, account for much of the reason I stand before this Committee today.

As a business owner in the motor carrier industry for over 25 years, I have experienced first hand the economics and social costs associated with insufficient public transportation. At one of my facilities on Staten Island, New York, a mere 15 miles from Midtown Manhattan, my vehicles and employees waste over four hours a day traveling to and from their job site during the morning and evening rush on Interstate 278, a commute that is only a half hour each way off peak. An expanded public transit system can help mitigate highway congestion, lower travel time, and increase productivity and profitability for our Nation's businesses and individuals alike.

Additionally, in 1995, as you know, I was appointed by Governor Pataki as a Commissioner and Member of the Board of Directors of the New York State Metropolitan Transportation Authority, which exposed me to a decade of oversight of large-scale, extremely complex transit systems.

If confirmed as FTA administrator, I will work diligently with all of the stakeholders to foster economic development, enhance mobility and accessibility in rural and urban communities alike, reduce traffic congestion, and strengthen the safety and security of the Nation's transit systems through cost-effective spending on public transportation.

I have made public service an integral part of my life, as I believe it is should be an endeavor undertaken by all responsible businesspeople. Serving our country and the President is an immense privilege and honor, and if confirmed, I would apply my knowledge and skills to the successful management and advancement of our Nation's transit systems. If confirmed, I would work tirelessly with this Committee, the Congress, and other stakeholders to ensure that all people across this great Nation are well-served by a safe, cost-effective, and reliable public transportation system.

Thank you.

Chairman SHELBY. Mr. Couch.

STATEMENT OF ROBERT M. COUCH, OF ALABAMA TO BE PRESIDENT, GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

Mr. COUCH. Chairman Shelby, Ranking Member Sarbanes, and distinguished Members of the Committee, I want to thank you for the opportunity to appear before you today. I also want to thank you, Mr. Chairman, for the kind words of introduction, and thank you to all of the Members of the Committee and their staffs who have met with me over the past month. Those meetings have helped me gain important insights into the position for which I have been nominated.

My wife, Anne, who is with me here today, and I are extremely fortunate. We own the home in which we have lived for the last

18 years. Not everyone in this great country can say that. When we initially tried to borrow money to buy our first home, we were turned down. Luckily, we had a supportive family that was willing to back us, and we became homeowners. Other aspiring homeowners may not be as blessed. The job for which I have been nominated, the presidency of Ginnie Mae, has the potential to help those families achieve the dream of owning their very own home.

I believe deeply in the power of homeownership, as do President Bush and Secretary Jackson. When a family owns the home in which it lives, it has a stake in the community, which in turn leads to more community involvement and more community investment. Homeownership is also perhaps the best vehicle we have today for building personal wealth.

The mission of Ginnie Mae is to "expand access to affordable housing in America by linking the global capital markets to the Nation's housing markets." We have seen homeownership grow in recent years, with a record level of more than 69 percent in 2005, and we have seen the gap between minority and nonminority homeownership levels shrink. Still, there is plenty of room left for improvement. Working with its partners at HUD, the Veterans Administration, and USDA's Rural Housing Program, Ginnie Mae continues to play a vital role in keeping America's homeownership rate going in the right direction. If confirmed, I am committed to do all that I can to help Ginnie Mae fulfill this important mission.

Shortly after taking office, President Bush challenged the Nation to create 5.5 million minority homeowners by the end of the decade. Since the announcement of that goal, 2.4 million minority families have joined the ranks of homeowners.

To fully realize the President's goal, the secondary mortgage markets, and particularly the markets for mortgages secured by homes of low-to-moderate income families must continue to operate efficiently. Ginnie Mae has been an indispensable element in the housing finance sector since its inception in 1968, and Ginnie must continue to play an active role in the future.

I recognize that not everyone in this country is able to own a home, but everyone should have access to affordable housing. While most of Ginnie Mae's efforts are focused on securitization of single-family mortgages, a growing area is the securitization of FHA multifamily loans. If confirmed, I will continue to look for creative ways to improve the market for multifamily securities.

Mr. Chairman, I am very appreciative of the trust that the President and Secretary Jackson have placed in me by nominating me for the post of Ginnie Mae President. I am hopeful that the Banking Committee and ultimately the full Senate will look favorably on my nomination.

I would be pleased to answer any questions you might have.

Chairman SHELBY. Thank you, Mr. Couch.

Mr. Simpson, I will start with you for the record. In November of last year, the Committee successfully reported the Public Transportation Terrorism Prevention Act of 2005. It currently awaits action on the Senate floor. This is a top priority for the Committee, and many of us share the belief that the Administration is not doing enough to protect the transit riding public.

You know what happened in London back in the——

Mr. SIMPSON. Yes, sir, I am well aware of what happened in London, Madrid, and Tokyo.

Chairman SHELBY. And you have to have some concerns.

Mr. SIMPSON. Excuse me, sir?

Chairman SHELBY. You will have to have some concerns in——

Mr. SIMPSON. Yes, I do.

Chairman SHELBY. What is your feeling about the role that the Federal Transit Administration should play in securing U.S. transit systems?

In other words, in what areas should FTA focus their security efforts?

Mr. SIMPSON. It is my understanding that the Department of Homeland Security has the primary responsibility for security.

Chairman SHELBY. They do.

Mr. SIMPSON. However, I believe there is room at the table for everybody, and it is up to the leadership to determine how far we need to go with security.

Chairman SHELBY. You are not going to be silent if you are confirmed, assuming you are confirmed, and I believe you will be.

Mr. SIMPSON. If confirmed, I can assure you that I will not be silent in the area of security.

I have a basic understanding of security, and security is very important to me. When I first joined the MTA 10 years ago, I was offered a variety of leadership roles, and I chose the Safety and Security Committee because of my natural inclination toward safety and security.

Chairman SHELBY. How many people, in your best judgment, are riding transit, subways, trains every day to go to work?

Mr. SIMPSON. In New York alone, it is over 8 million a day, and nationwide, it is 9 billion a year.

Chairman SHELBY. Nine million?

Mr. SIMPSON. Nine billion rides.

Chairman SHELBY. Nine billion?

Mr. SIMPSON. Yes.

Senator SARBANES. A year.

Chairman SHELBY. A year.

Mr. SIMPSON. A year.

Chairman SHELBY. And that is cumulative.

Mr. SIMPSON. Yes.

Chairman SHELBY. That is in the aggregate, nine billion people. Do you know how much money has been spent for security there compared to airports?

Mr. SIMPSON. I have read that it is somewhere about a penny, or it is a very low number relative to what has been spent elsewhere.

Chairman SHELBY. Does that concern you at all?

Mr. SIMPSON. I do not know if it concerns me, only because——

Chairman SHELBY. What did you say?

Mr. SIMPSON. Having not served as the Administrator of the FTA, I do not have all the facts, and I do not have the information available to really tell what is appropriate and what is inappropriate. But if confirmed, that would allow me the opportunity to meet with the other departments to get a better understanding of how much and what the appropriate levels of funding are.

Chairman SHELBY. Do you believe, or do you have a judgment, that our subways, buses, and everything are safe from terrorist attacks today?

Mr. SIMPSON. I believe that this country is doing the best that it can with the resources that it has, and I do not know what the correct level is, but I can assure you that if confirmed by this Committee, I will work tirelessly to be an advocate for safety and security.

Chairman SHELBY. I hope this never happens, but it could. But if what happened in London happens in New York? What then?

Mr. SIMPSON. That would be a very dark day for this country if it happened.

Chairman SHELBY. It would be. It would be.

Mr. Simpson, the 2006 budget for Amtrak directed the Secretary of Transportation to assess a fee on the commuter rail agencies in the Northeast Corridor. Are you familiar with that?

Mr. SIMPSON. Yes, I am.

Chairman SHELBY. We have heard concerns from the transit agencies that operate commuter trains on the corridor that this may be an attempt to redirect scarce Federal transit assistance from transit agencies to the mismanaged, I believe mismanaged Amtrak.

Can you assure the Committee that if confirmed, you will work to assure that commuters are fairly treated in the process of developing a formula to arrive at a fee and then the process of actually assessing the fee?

Mr. SIMPSON. Mr. Chairman, it is my understanding that this lies in the domain of the Federal Railroad Administration, and the FTA is more of a facilitator. But with my past experience——

Chairman SHELBY. But as a facilitator, you would have a voice, would you not?

Mr. SIMPSON. Absolutely, I would have a voice, and as someone who served in an operating level at the MTA and understanding the tight cost constraints that we are under to operate, every transit authority has a budget, and things are very tight as we all know, that this is a major issue for the Northeast corridor and the transit systems.

I can assure you that if I am confirmed by this Committee and by the Senate, that I will work to resolve this so that all the transit agencies are treated equitably.

Chairman SHELBY. Mr. Couch, a few questions for you, sir.

Mr. COUCH. Yes, sir.

Chairman SHELBY. The importance of strong accounting; you are a CPA by background and an attorney and businessman; I understand that.

Mr. COUCH. Yes, sir.

Chairman SHELBY. Other financial institutions engaged in mortgage securitization have experienced a variety of shortfalls in their accounting. You are very familiar with this.

Mr. COUCH. Yes, sir.

Chairman SHELBY. I believe your background in accounting can make a vital contribution to Ginnie Mae.

Secretary Martinez, we still call him that, Senator, too; we would rather have him up here than down there and he is very involved

in these issues. He knows these issues. He has worked with these issues, and I know he will be outspoken on this.

But while we all hope that the accounting at Ginnie Mae has been strong, have you had an opportunity yet to examine Ginnie Mae's financial systems and statements? Do you believe a strong accounting system should be a high priority for Ginnie Mae?

Mr. COUCH. Senator, I can answer your last question first, and the answer is yes. Accounting systems in all entities are very important.

Chairman SHELBY. They tell the truth of what is in the portfolio, what is going on, do they not?

Mr. COUCH. Yes, sir, they do.

Chairman SHELBY. If the accounting is honest and accurate.

Mr. COUCH. Yes, sir, they do, and under the Sarbanes-Oxley bill and those accounting standards have been strengthened, particularly internal controls. I can tell you it was important to me in my past job; if confirmed, it will be important to me in my future job. I think it is important to draw a distinction, however, between Ginnie Mae's business model of Fannie Mae and Freddie Mac, for instance.

Chairman SHELBY. Tell us a little about that.

Mr. COUCH. Currently, Ginnie Mae does not buy loans or securities for its own balance sheet, and many of the accounting issues that have been in the headlines lately at the other entities have had to do with the accounting for the hedges that were placed on the balance sheet to address interest rate risk.

Chairman SHELBY. What they have kept in their portfolio.

Mr. COUCH. Yes, sir; if you have those assets on your books, you subject yourself to some interest rate risk, and that leads you to putting hedges on your books to counteract the interest rate——

Chairman SHELBY. And Ginnie Mae is not doing that.

Mr. COUCH. No, sir; no, sir. We do not have those assets on our books. If confirmed, we would not have those on our books. Ginnie Mae currently does not have those assets on its books.

Chairman SHELBY. But you are going to look closely at the accounting system once you get inside.

Mr. COUCH. Yes, sir. It is my understanding that that process is already underway. It is not a process, though, I can tell you, that ever has an end to it. You constantly have to be looking at your internal controls and making sure that everything is in place.

Chairman SHELBY. The asset portfolio, I understand that while Ginnie Mae guarantees almost $500 billion in outstanding mortgage-backed securities, Ginnie Mae's balance sheet assets are only about $11 billion, three-fourths of which are in the form of U.S. Treasuries.

Ginnie Mae has met its mission of providing liquidity to the mortgage market with a minimal portfolio of balance sheet assets. Do you see any reason to change Ginnie Mae's business practice of maintaining a small portfolio of assets?

Mr. COUCH. At this point, no, Senator, I see no need to do that. I think Ginnie is serving its mission well at this point.

Chairman SHELBY. Do you believe there is anything to the idea that a small portfolio relative to its business activity has hindered

the ability of Ginnie Mae to meet its mission? Do you believe it has met its mission?

Mr. COUCH. I do not believe that it has been hindered in meeting its mission, and I do believe that it is currently succeeding in that mission, yes, sir.

Chairman SHELBY. Thank you.

Senator Sarbanes.

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

Mr. Couch, why do we not continue along, and then, I will come back to Mr. Simpson.

Mr. COUCH. Yes, Senator.

Senator SARBANES. A couple of questions I am going to put to you are really directed more toward HUD procedures more broadly, and I just want some assurances of how you will be dealing with matters within your own particular bailiwick.

We have had some history of difficulty in getting data from HUD. For instance, in the past, we have had to ask repeatedly for data regarding the Section 8 program, and of course, without the data, we cannot do our oversight or understand what is happening in the program. It seems now that finally, we have resolved that problem, and we are expecting some new Section 8 data shortly. But we have had a lot of trouble in the past.

So let me ask you right at the outset: Do we have your commitment to provide data on Ginnie Mae to the Committee or Members of the Committee on a timely basis?

Mr. COUCH. Yes, sir; if confirmed, that would be a priority, yes, sir.

Senator SARBANES. Yes; thank you very much.

Just to give an example, when the Secretary was here and testified on Hurricane Katrina about a month ago, we submitted questions for the record the following week. We have not yet received answers to those questions, and they are relevant to the emergency supplemental with respect to the Gulf Coast. That is not a question. I am just making that observation.

Now, I am looking here at the annual report of Ginnie Mae, and it says Ginnie Mae produced a net revenue in fiscal 2004 of $737 million. And they indicate they earned $815 million, some in fees, some in interest income, and then, they had operating expenses, they had some default advances, most of which were recovered. So the end result was a net revenue of $737 million.

Despite this, the Administration in the 2007 budget just submitted to the Congress proposes to double the guarantee fee to Ginnie Mae lenders from 6 to 12 basis points. And they state that the purpose of this fee increase is to pay for Ginnie Mae's administrative costs. So obviously, the question that comes to mind is why increase the fees if the costs are already being met out of the very substantial profits of Ginnie Mae? And in fact, they are making, in effect, a contribution to the Treasury of well over $700 million.

Now, you know, our concern is the fee increase will increase the cost of homeownership, maybe incrementally but nevertheless. So it is particularly puzzling that we have this request to, in effect, double the guarantee fee when Ginnie Mae is already producing far more than it is costing. How do you explain that? Do you have any observation on this issue?

Mr. COUCH. Yes, Senator, and at the outset, I would like to express appreciation for you pointing out that we do make a contribution to the tune of $730 million.

It is a distinction that really is not much important, the proposal is not to double the guarantee fee, but it is to assess an additional fee of 6 basis points, as you point out, that would be designed to recoup the costs of Ginnie Mae, and it is a deficit reduction proposal. It would generate about $54 million for the budget, reduce the deficit, and it is, in some ways, I guess, a recognition of the fact that in order to balance the budget, there are difficult decisions that have to be made.

Now, I would be less than honest with you if I did not tell you that that 6 basis points will make the program less competitive in the marketplace, and it will make our challenge of reversing the market share decline that Ginnie has seen in the past few years, it will make that challenge a little more difficult. But there are going to need to be difficult decisions made in all areas of Government, I think.

Senator SARBANES. Well, that leads me to my next question. Actually, it is a very nice lead-in. Ginnie Mae guarantees pools of FHA and VA mortgages, correct?

Mr. COUCH. Yes, sir, and rural housing as well.

Senator SARBANES. Your securities carry the full faith and credit of the U.S. Government.

Mr. COUCH. Yes, sir.

Senator SARBANES. But FHA is a small and declining share of the marketplace. In 2003, FHA was 9.2 percent of the marketplace. In 2004, it dropped down to 4.1 percent. So, I mean, the obvious consequence of that is that Ginnie Mae's business is also declining. In 2004, Ginnie Mae helped support about 1.3 million housing units. In 2003, it was 2.4 million housing units.

I mean, it is a drop of almost 50 percent. What is the explanation for this?

Mr. COUCH. Senator, I cannot speak for FHA Commissioner Montgomery, but I think he has publicly stated that it is his goal, and Secretary Jackson has stated publicly as well that it is his goal that FHA take the steps that are necessary to modernize the programs and try to reverse that slide in market share that you just referred to.

Now, I am not suggesting that market share for market share's sake is important, but I do believe that there is an important role for FHA to play and that Ginnie Mae's fortunes, as you point out, are tied to FHA and VA's fortunes. It is interesting to note that African-American families, for instance, are twice as likely to choose FHA or VA programs over conventional programs, twice as likely as non-Hispanic whites.

But the thing that is disturbing to me is that African-American families are three times more likely to choose subprime programs than non-Hispanic whites. So there is clearly, in my view, a continuing role for FHA. If confirmed, my plan is to try and do everything to help, everything I can do to help Ginnie Mae provide support to FHA in turning that market share slide around.

Senator SARBANES. Yes; the added fees that we just discussed, though, will make that problem even more difficult, will they not?

Mr. COUCH. As I mentioned before, it will increase the challenge, yes, sir.

Senator SARBANES. Now, my time has run out, so I am going to defer and get to Mr. Simpson on the second round.

If I could put one final point to you, Mr. Couch, and then, I have really concluded my questioning of you. This is not directly related to the Ginnie Mae program, but it is an indication of the importance that I attach to an open and transparent regulatory policy.

Let me just tell you something that has happened at HUD. For a number of years, HUD has followed a policy articulated in a series of HUD notices issued from 2002 to 2005 establishing the subsidy amounts for project-based vouchers attached to tax credit projects. A proposed rule on project-based vouchers published in March 2004 adopted the policy put forth by these notices.

Unfortunately, a final rule was published on October 2005 reversing the longstanding policy. Now, putting the substance aside, I mean, which is very important obviously, but the concern I want to underscore is making a significant policy change without ever subjecting the new policy to a public review. In other words, we are going on along one path. That is where we have been; that is where we were continuing to go; that is what everyone's assumptions were, and then, all of a sudden, in the final rule, it completely switched.

I have written the Secretary, asking him to withdraw this portion of the rule and to reissue it as a proposed rule, thereby subjecting it to full notice and comment in the rulemaking period. I mean, if you are going to turn at a sharp angle on this, it seems to me you should put it back out there and let all of the interested parties have an opportunity to comment on it. That is how we try to make good policy.

I mean, this is not your issue, except I would hope that in conducting the affairs of Ginnie Mae, you are sensitive to the requirement of transparency, public notice, opportunity for people to have their input into the decisionmaking. I think the consequence of that is you get better decisions, and I certainly think you get more of a buy-in by all interested parties in terms of the end result. So, I commend that to you, and hopefully, the message will get back to the Department through you or through others present at the hearing.

Thank you, Mr. Chairman.

Chairman SHELBY. Senator Martinez.

Senator MARTINEZ. Mr. Couch, I just want to touch on a couple of issues. Certainly, the issue of homeownership that you mentioned, I think, in a very appropriate way in your opening remarks and the issue of affordability of housing, which continues to be a challenge. In Florida today, we have a situation which is even worse than it was a couple of years ago in terms of housing affordability, particularly in the aftermath of the recent storms that we have seen over the last couple of years, which has really taken out of the marketplace an awful lot of, frankly, marginal housing but which today is not available at all, particularly in rural areas, farm worker housing. And then, but just in general, just the affordability issue is a huge problem for Floridians.

I wanted to ask you, and I know the role that Ginnie Mae plays in making housing more affordable, but I wanted to ask if there was any thought you had given to ways in which you might weigh in on this issue. One of the ways in which I attempted last year was by introducing a bill which would make employer-assisted housing programs to be eligible for tax credits so we could generate more housing with the assistance of employers, talking about down payment assistance, closing cost assistance, things of this nature.

What do you think you can do in the area of affordability? What can Ginnie Mae do to be more proactive in the area of housing affordability, bringing about homeownership to more Americans?

Mr. COUCH. Sure. Thank you, Senator, and I am well aware of your record as HUD Secretary and the efforts that you made to modernize programs and expand HUD's role in providing more affordable housing.

As we discussed, Senator Sarbanes and I discussed, the fortunes of Ginnie Mae rest in large part with the fortunes of FHA. But the encouraging news on this front is that while the market share, Ginnie Mae's market share in the single family world has declined, our multifamily program has continued to grow, and if confirmed, it would be my intent that we continue to put emphasis, look for creative ways to bundle mortgages to make the flow of capital less costly and therefore make affordable housing more reachable.

Senator MARTINEZ. How have you shifted to more of the multifamily from the single family? And I recall that that was already a trend that we had seen in terms of Ginnie Mae financing. What do you think is responsible for that trend, and how can that continue?

Mr. COUCH. Senator, I am not really fully versed in the changes that have been made in the FHA programs. I am familiar with the fact that the FHA programs have become more attractive in the marketplace than they were, and naturally, Ginnie's business picks up as a result of that. I can tell you that we have looked at a number of new structures, financing structures, at Ginnie Mae to make the market more receptive to Ginnie Mae securities that are made up of multifamily loans.

Senator MARTINEZ. On the accounting issue, which I know Senator Sarbanes raised, I frankly do not think there are any parallels with what we have seen in the other GSE's with respect to the accounting irregularities that have been there. And you mentioned, I think, the use of derivatives as part of the portfolio as being one of the main distinctions, but also, I think the fact that you are not in the marketplace selling securities to individuals, do you not think that also makes a big difference in terms of how the two entities are marketed? And you know exactly the approach, which is quite different.

Mr. COUCH. Yes, it makes some difference, yes, Senator, but it is difficult to overstate how difficult the accounting issues are when you have large portfolios that are being hedged with derivatives. Coming from my background, we used derivatives to hedge our pipeline, our mortgage pipeline as well as some of the deposit products that we had. And the accounting world is in flux over—the policy is FAS 133; you have probably heard it in some of these hearings. The category is in flux.

I remember when I went from being an accountant to being a lawyer, many years ago. At that time, in the accounting world, you always had a right answer. Every question had a right answer. You went to law school, all you had were good arguments. Used to be you had right answers in accounting. Increasingly in the accounting world, you have good arguments again, and that makes it difficult.

As far as Ginnie Mae is concerned, Senator, I have not yet seen any issues that concern me, but if confirmed, I believe that vigilance is the watchword.

Senator MARTINEZ. Thank you.

Mr. Simpson, my time is up, but I just—not a question, really, only a comment to you, and that is that in the State of Florida, we do not have a developed transit system like you have in your home State of New York, but I do hope in your tenure that you will take a good, hard look at what is a developing and a growing move toward transit. We have a many corridors in Florida which simply cannot handle any more normal expansion to the Interstates or vehicular traffic, and it really is incumbent upon us to look at ways in which we can partner with local governments, with the Federal participation, to create more transit opportunities in a fast growing State like the State of Florida, so I hope you will give that a very close look and a sympathetic look.

Mr. SIMPSON. Senator, may I comment on that?

Senator MARTINEZ. Please.

Mr. SIMPSON. I think you will be happy to know—I do not know if Senator Schumer would—I spent more time in Florida last year than I did in New York.

Senator MARTINEZ. Great.

Mr. SIMPSON. I do have a home there.

Senator MARTINEZ. You were stuck in traffic, then.

[Laughter.]

Mr. SIMPSON. I–95 is atrocious. It is no different than 278 in the morning. Not only am I stuck on it on a regular basis, but also once again, my vehicle is in the Florida corridor. It is just there is too much development, not enough public transit, and I am happy to say when I do drive in the Palm Beach County area that we do have that rapid transit system. I do not know how far south it goes to Miami, but we need more of that.

And you can be sure that if confirmed, I would be more than happy to spend as much time with you as I could in the State of Florida, hopefully in the wintertime.

[Laughter.]

Senator MARTINEZ. We welcome you. We would be glad to have you.

Mr. SIMPSON. Thank you.

Senator MARTINEZ. Well, the I–4 corridor is another one that is equally dysfunctional, the Orlando to Tampa corridor, really the Daytona to Tampa corridor through Orlando but also the I–95 south of West Palm and south, it is really very difficult.

Mr. SIMPSON. I–4, yes, the Orlando area.

Senator MARTINEZ. And, you know, that is only two highlighted areas, but I–75 South into Naples is a problem. Not all of them are

amenable to transit, but the truth is that we have got to be looking at transit as a partial solution to the transportation problems.

Mr. SIMPSON. Senator, I am very aware of Florida. I criss-cross Florida regularly, all the cities with the exception of perhaps Jacksonville and Tallahassee. But I would enjoy the opportunity to work with you and your staff if confirmed.

Senator MARTINEZ. Thank you. That would be great.

Chairman SHELBY. Senator Reed.

Senator MARTINEZ. Thank you, Mr. Chairman.

Senator REED. Thank you very much, Mr. Chairman; thank you, gentlemen, for your testimony.

Mr. Simpson, I associate myself with the Chairman's remarks about transit funding and transit security, and could you indicate what specific steps you could undertake with respect to transit security if you are confirmed?

Mr. SIMPSON. I understand first of all that there is a memorandum of understanding between the Department of Homeland Security and the Federal Transit Administration. The first thing I would do if confirmed would be to take a look at that MOU and meet with my peers over at Homeland Security and Transportation Security Administration.

And we are fortunate that the former Deputy Administrator of FTA is now, I believe, the Deputy at TSA, which I believe is a good thing for transit. But I think what I could bring to FTA in terms of transit security is my experience at an operating level for oversight. I am not a security expert, but I have been exposed to it on a regular basis. I can bring the insight of the day-to-day operator.

And if you do not have a secure transit system, you will not have a ridership. After September 11, when we were quick to recover the system and get the trains rolling, we saw a big dip in ridership, and I think that was because of obviously the events of September 11. But ridership is at an all-time high in many areas, and my personal experience is in the New York area, where we are at 45 percent increase over 10 years in ridership.

And that is because there is confidence that they system is safe and that the system is working effectively. There are a bunch of things that have been done in the area of prevention, in the area of deterrence, visible things like more police officers, dogs, just an awareness.

And what FTA has brought to the table, and it has helped the New York City system so well, is programs like Transit Watch, see something, say something. There were early discussions at MTA, should we tell the ridership to be safe, be secure, and to look out for things? Because then, maybe, you are spooking the riders.

And it is not so. It has worked out favorably, because as a pilot, I know myself, I have had a lot of experiences flying. Early on, when I did not have a lot of experience, I almost panicked. And then, with regular training, where you do not panic. And when people have an understanding of what the issues are and what the vulnerabilities are, I think they do feel at ease, and we have seen that at the MTA. We have a regular program where there are circulars that go out or any kind of media that we can see something, say something, and it is an ongoing process.

I read that one system actually has auxiliary employees that if they get trained properly, they learn how to get on and off a train, cross the third rail; if they travel the route regularly, they are given some an ID so that it is known they are there in the event of an emergency.

So if confirmed as FTA Administrator, I believe that with continued programs like that to work closely with the Department of Homeland Security, and if confirmed, then, to have an idea of, really, how far the Administrator of the FTA can actually go without overstepping the Administrator's bounds. And I think it is a job for everybody.

Senator REED. Thank you very much. Let me make just one point, and then, I want to address a question to Mr. Couch. And that is, you have pointed out ridership is increasing, and in my experience in Rhode Island to our public transportation system, bus RIPTA system; one of the fears I have with the underfunding you are seeing in the budget is just as ridership is going up, the resources to maintain the quality, maintain the schedule, maintain the training, maintain everything you have said is required will start evaporating, and you are going to be stuck with the problem of seeing those numbers go down.

Mr. SIMPSON. Senator, I could not agree with you more. I think that the reason why New York and—I can only speak, really, for the New York experience, so pardon me if I continuously go back to New York, and I can assure you if confirmed, I am concerned about the entire country.

Senator REED. You will never go back again.

Senator SARBANES. New Yorkers always do that.

[Laughter.]

Chairman SHELBY. What about Baltimore?

Mr. SIMPSON. As you know, the New York system was falling apart, and I believe it was because of the efforts of this great Committee and ISTEA and TEA–21 and now SAFETEA–LU that we have had a continuous stream. We have seen a really big investment in capital. I mean, New York has—I do not know if you have been to New York City, but we have the greatest buses, the greatest subways, and it is a new system, and we have spent so much money on capital improvements. Without those capital improvements, you would not have the ridership.

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

Quickly, Mr. Couch, again, thank you for your testimony. And one of the points that you made is one I want to emphasize, and that is the affordable rental housing and what Ginnie Mae can do. Can you just, very quickly, because my time is all but gone, in 30 seconds, perhaps, just note what you might do to expand rental housing opportunities.

Mr. COUCH. Yes, Senator; again, we are somewhat at the mercy of the FHA. I know that the FHA Commissioner has plans to modernize several of the FHA programs.

Within Ginnie itself, we are somewhat limited to tweaking the structures within the deals that are done with FHA and VA and rural housing under the multifamily program there, and I think the record is that Ginnie Mae has been pretty creative in coming

up with new structures for those deals, and I would certainly, if confirmed, to continue that emphasis there.

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

Thank you, Mr. Chairman.

Chairman SHELBY. Thank you.

Senator Allard.

STATEMENT OF SENATOR WAYNE ALLARD

Senator ALLARD. Mr. Chairman, I have some opening remarks, and I ask unanimous consent that they be made part of the record.

Chairman SHELBY. They will be made part of the record without objection.

Senator ALLARD. Welcome, Mr. Simpson and Mr. Couch.

Let me start out with you, Mr. Simpson, and it has to do with having budgets or having projects started and completed on time and within budget. And I am one who writes my authorities in Colorado to say make sure that you get your budget, your figures are reasonable, and then make a firm commitment to get them done on time and on schedule. I do not think all Members of the Senate probably take that much interest in local projects, so we have to look to the Administrator.

And so, my question to you, how important do you believe it is to keep projects on time and on budget, and what can the Federal Transit Administrator or Administration do to improve project performance?

Mr. SIMPSON. Senator, first of all, I know that your project T–REX in Colorado is on time and on budget, and that is the way it should be. And I believe that the program will break down if you consistently have projects coming in over budget. You just cannot have that. You cannot budget; you cannot plan, and I do not know what mechanisms are in place now at the FTA, but I can assure you that if confirmed that I will work tirelessly to ensure that we are on time and on budget. And I do know that in reading the strategic plan of the FTA, they have a host of deliverables, and one of their deliverables is on time, on budget, or at least within 5 percent.

So, I know that that is on the mark for the FTA leadership, and I can assure you that as in running a private business, you need to be on time. You need to be on budget, or else, you are not in business any longer. And I can assure you that I can bring my background as a businessman to the FTA to ensure that that does happen.

Senator ALLARD. The other question I have also deals with performance, and I happen to be a strong believer in outcome-based management, where you set specific goals and objectives, and then, you measure those. The Administration has instituted that program with what they call the PART program, and in what ways is FTA utilizing outcome-based management, both with the grantee, that is the one who is receiving the dollars, and as an institution? What are you doing within your own agency to meet those guidelines?

Mr. SIMPSON. I am unfamiliar with that, Senator, but I do know that the President has a President's Management Agenda, the

PMA. I do not know if that is what you are referring to where there are a host of deliverables and——

Senator ALLARD. It probably is.

Mr. SIMPSON. It is measurement. You know, as a businessman, I believe if you are not measuring, you are not managing.

Senator ALLARD. Yes.

Mr. SIMPSON. And you have to quantify things. When you can quantify things and express it in numbers, you know something about it, and if you do not, it is just nebulous. I mean, it is qualitative, and it is soft, and it is not accurate, and I think in an agency like the FTA, we need to be quantitative. It is about dollars and cents. The deliverables are pretty easy to see. The parameters should be easy, and if confirmed, I would spend as much time as I possibly can with the budget people and see how we were delivering these services, what measurement criteria we are using.

I would also work with this Committee, because I am sure that your people have ideas on how this should be implemented and to see that we have a successful FTA.

Senator ALLARD. I am a strong proponent. When we passed the legislation out of Congress, we had what was called the Government Performance and Results Act, and then, the Administration, I think has characterized it as PART; at least in the budget, that is what they describe as PART. And you may have another acronym that you are using within the agency, but basically, that is what we are talking about.

And the President has gone and actually looked to see how various agencies are meeting these guidelines and in some cases not giving them the money that they think they should have, because they are not setting up their goals and objectives, and if they are, most generally, the agency does not bother to do it.

And those agencies, actually, are getting a cut in the President's budget. So, I would encourage you to bring that kind of accountability if they are not doing it. And you can go into—there is a website, Expectmore.

Mr. SIMPSON. *Expectmore.gov,* yes.

Senator ALLARD. And they are listed on there, and I do not know whether you have any agencies that are listed under there. If you do, then, it would probably be a good idea to kind of get after them a little bit and say you need to get going on this program.

Mr. SIMPSON. Well, in some of my readings, and it was in the material on the President's Management Agenda and also the management for or by results, it is a color-coded system by Department, all of the departments and their deliverables, where they are to date, going forward where they need improvement, and are they meeting those objectives? And it puts a lot of pressure on each—let us call it a business unit; each department is a business unit, and that is, I believe, that is how New York City turned around the crime in the City of New York. You had—I do not know how many precincts there were—police precincts that were not managed.

All of a sudden, under the Giuliani Administration, they decided to manage each precinct, and when each precinct was managed, everybody knew everybody else's score, and you saw the results in New York City. So, I think that same initiative should be carried

forward here, and according to what I have read, it looks like a program, and I would like to be at the top of the heap with all—I believe it is green; if you have green dots, you are in good shape.

Senator ALLARD. Good. I would like to move to Mr. Couch. My time has expired, Mr. Chairman. I wonder if I could have a little more time.

Chairman SHELBY. Go ahead. We are generous with you.

Senator ALLARD. Thank you.

Mr. Couch, I want to ask you the same thing on outcome-based management for Ginnie Mae, if you are familiar with that and if you are utilizing that, and then, also in relation to that, I have heard from lenders that FHA's technology is extremely outdated, and various systems cannot communicate, and if you could also respond to that.

Mr. COUCH. Yes, Senator; since I have been a consultant to Ginnie Mae, I have learned several acronyms: GPRA, PART, PMA, they all, I have even learned that you can use them as verbs if you need to.

[Laughter.]

Ginnie Mae has not been PARTed yet. We think we will be PARTed this year. If confirmed, it would be my intent that outcome-based systems be stressed. That is my record from my previous job.

Under my leadership, we put in place over a series of years programs where incentives were based on objective criteria. We came up with those plans at the beginning of the year. I sat down with my senior managers once a quarter and went through them. It was my hope that any one of my top managers could pull out his plan at any point in the year and figure out what his bonus would be at the end of the year if he kept on the track that he was on, so I am very much a fan of that.

With respect to technology, Ginnie also has undertaken as part of that process or business improvement process, actually, a plan to wed all of its systems, update and wed all of its system into one comprehensive system that would talk—all pieces would talk to each other, and if confirmed, I would be a big proponent of making sure that that project continues. And I think the timeline has it complete, planned to be completed in June 2007, and I would hope that we could meet that deadline.

Senator ALLARD. Mr. Chairman, thank you.

Chairman SHELBY. Thank you.

Senator ALLARD. I thank the other Members of the Committee for their tolerance.

Chairman SHELBY. Senator Carper.

STATEMENT OF SENATOR THOMAS R. CARPER

Senator CARPER. Thank you, Mr. Chairman.

To our witnesses, welcome. We are delighted that you are here today, and thank you for your willingness to serve. I understand that you have each been joined by your spouses; is that correct? I understand each of you have been joined by at least one daughter; is that correct?

Mr. SIMPSON. Not here. Listening.

Senator CARPER. And has one of you been joined by a sister? Okay; that is good. Daughter? And this young lady behind you, is she not a daughter?

Mr. SIMPSON. That is my niece; I am sorry, Senator.

Senator CARPER. I just wanted to say to these young ladies, are you both students? I just wanted to say special thanks. We appreciate the spouses, especially your willingness to share your spouse with the people of America. But I would say to the young ladies that are here, thank you for your willingness to give up a day of school.

[Laughter.]

Ms. COUCH. It was difficult.

Senator CARPER. Tough choice, I am sure.

I am going to telegraph a pitch for Mr. Couch, the question I am going to ask you, and you can think about it. And then, I am going to ask Mr. Simpson a couple of questions relating to transit fees in the Northeast Corridor, capital improvements.

But what I am going to ask you, Mr. Couch, if time permits, I wanted to ask you just to take, in a couple of sentences, explain the primary mission of Ginnie Mae, and then, just to tell me what you think they are doing particularly well and what Ginnie Mae is not doing so well and what you would do as its leader to get them back on the right track in those areas that they are deemed to be deficient by you. I believe everything I do, I can do better, and I think that is probably true of all of us, and it is true of the agencies that you have been nominated to lead.

And just if you will think about that, Mr. Simpson, you have had a moment to think about capital improvements in the Northeast Corridor, and I understand that there was a notice in the *Federal Register* maybe earlier this month, and I think it provided for the FTA withholding transit funds from transit agencies that failed to pay any additional funds assessed by the Federal Railroad Administration for the maintenance of the Northeast Corridor.

My part of the world, I actually rode the New York subways a couple of weeks ago, rode the Long Island Railroad; was very pleased with the service that we received. In my part of the world, we use SEPTA. We partner with Pennsylvania.

Mr. SIMPSON. Right.

Senator CARPER. And trains runs right all the way from Newark, Delaware, right to the Maryland line. They go up through Delaware into Pennsylvania.

And it is a partnership that is funded in part by the Federal Government and in part by the Commonwealth of Pennsylvania and in part by the great State of Delaware. And I just want to ask you to explain a little bit your understanding of this policy, and then, I want to ask you to think about whether this is an appropriate way to provide for greater capital funding in the Northeast Corridor. But what is your understanding of this policy?

Mr. SIMPSON. I understand that this is from a 2006 appropriations bill that instructed the DOT through the FRA to assess a fee for usage on track to help pay for capital and so on.

Senator CARPER. Yes.

Mr. SIMPSON. And that the mechanism is still being worked out between the FRA and the FTA, and the FTA is a facilitator in the

process and may withhold some funds, I believe, or may not grant the full funds if those amounts are not paid to, I believe, the FRA. That is the extent of my knowledge on that issue.

Senator CARPER. Okay; let me just share with you a situation we have got, and I will put on my hat as an old governor.

We work on a fiscal year basis in Delaware, July 1 through June 30. A lot of States do that. SEPTA has a multiyear agreement with Amtrak to pay a cost for using the Northeast Corridor, I think through fiscal year 2011. And my concern, and I have not had extensive conversations with people from SEPTA or the Governor of Pennsylvania or Delaware, but my understanding is you have a situation with a multiyear contract between the commuter railroad, SEPTA, and with Amtrak where each year, the fee is set.

The State of Delaware has passed a budget, Pennsylvania has passed a budget. They are providing support to SEPTA in accordance with the budget. And if the Feds step in, say the FRA steps in or the FTA steps in and says to SEPTA, by the way, you have to pay greater fees in order to cover this additional maintenance cost, even though you have a contract that goes through 2011 that says this is what your costs are, even though the States have already, through their budget process, allocated the money that they think SEPTA is going to need, it has the potential for creating, for lack of a better word, a train wreck, and I do not think that is what we want to do.

Now that you have had a chance to think about this, my question of you is does this sound like a reasonable policy?

Mr. SIMPSON. I am not certain, and I do not know enough about it, but if confirmed, I know that this is a high priority for the Northeast Corridor, not just with your State but all the way up the line, and budgets are very important to the authorities. They are working in tight budgets, the funding, all those issues. And now, to have this potential liability out there, it is a big issue.

Once again, if confirmed, I would work with this Committee and the FRA and the other stakeholders to come to some resolution that would be appropriate for all parties involved.

Senator CARPER. All right; and Mr. Chairman, my time has expired; I do not know if I can go back to my original question to Mr. Couch and just ask him——

Chairman SHELBY. Go ahead.

Senator CARPER. Just give us a truncated version of a response: Primary mission of Ginnie Mae, let us just say what are they not doing as well as they might? Where do you see some area for improvement? How would you go about improving it?

Mr. COUCH. Sure, Senator, I will try to make it brief. Ginnie Mae's mission is to provide access to affordable housing by linking the global capital markets with the national housing markets. Overall, the program is running exceptionally well. There is a lot of respect for Ginnie Mae in the marketplace. It has a great team working over there to further that mission.

I will give you two examples of things that I think, if confirmed, I could help on. One, I told you in the mission statement, it talks about the global capital markets. I do not think we have done a very good job internationally telling the central banks of other countries what great investment Ginnie Mae securities are, and we

could perhaps improve the cost of capital in this country by making our case overseas.

A second area which is, I think, illustrative of some of the demographic changes that are taking place in the country today, I spoke in my opening statement about how a home is the best vehicle today for building personal wealth. Well, that is great if you can get access to it. Ginnie Mae has an opportunity, the FHA has a great home equity conversion mortgage, a reverse mortgage that allows people who have built up a lot of equity in their home to extract that equity.

Well, we at Ginnie Mae could do a better job, and this is underway, by the way; we are already having conversations about it, to securitize those mortgages and bring down the costs to Americans of extracting the equity back out of their home when they need it, generally after they are retired. So those are two examples.

Senator CARPER. Those are good examples. Thanks very much.

And Mr. Simpson, we look forward to getting to know you better and really bearing down on the issue that I have raised.

Thank you.

Chairman SHELBY. Thank you, Senator Carper.

Senator Sarbanes.

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

Mr. Simpson, in recent years, some members of the transit industry have raised concerns about program requirements being changed by the FTA without advance notice to stakeholders. This is a little bit along the lines of an issue I was discussing with Mr. Couch. For example, I understand this has happened on several occasions in the New Starts Program.

Now, in response to that problem, the legislation we passed here in the Congress, the SAFETEA legislation last year, included language to encourage more transparency at FTA by requiring advance notice and an opportunity to comment on any FTA decision that imposes a binding obligation on grant recipients.

If confirmed, what steps would you take to ensure that the substantive and procedural requirements of FTA's grant program are not changed in midstream without adequate notice to grantees?

Mr. SIMPSON. Senator, if confirmed, I would ensure that we would not change the rules or the programs without adequate notice.

My goal, if confirmed as Administrator, would be to implement SAFETEA–LU as written. And I would work with this Committee to make sure of that. Communication is very important. There are stakeholders, and this Committee is a very big part of that. You are the other side, and we are all in this together.

And my personal philosophy would be to work with this Committee and inform them of everything I am doing before it is done, because we do not operate in a vacuum. It is very important that we all operate together.

Senator SARBANES. I am encouraged by that answer. I am even more encouraged by a statement you made in the course of it where you saw your responsibility as implementing—and these are your exact words—implementing SAFETEA–LU as written. It seems to me that that is your responsibility as the Administrator.

I mean, your mandate is given to you by the legislation as passed by Congress, is that not true?

Mr. SIMPSON. Yes, sir.

Senator SARBANES. Well, now, we are having some trouble down there with FTA, because there are a number of provisions in that legislation that they are not implementing. The Chairman and I brought that up at the hearing with the Deputy Administrator here. I hope you have had a chance to look at that transcript.

Mr. SIMPSON. Yes, Senator, I took your advice, and I got my hands on the transcript, and I did read it.

Senator SARBANES. Okay.

Mr. SIMPSON. Thank you.

Senator SARBANES. And we thought the agency would move in the interim to address those matters, but they have not yet done it.

Now, this is a serious matter. I mean, you know, the agency people are not free to pick and choose what they want to implement out of the statute. And there, it seems to me, we are headed toward a real crisis and a confrontation if they do not carry out the provisions that were contained in that legislation. Otherwise, why do we pass this legislation? It cannot be ignored willy nilly.

And the Executive Branch cannot pick and choose out of it. So this is quite a problem, and it really needs to be addressed or we are going to have a kind of stormy relationship here, Mr. Chairman. I just want to underscore that.

Chairman SHELBY. I agree with you, Senator Sarbanes.

Mr. SIMPSON. I understand that, Senator. We have spoken about it. And I know this may not be the answer you want to hear, but if confirmed, I can assure you that I will work with you to see that things like that do not happen in the future.

Senator SARBANES. We can take care of this now. I mean, we are not quite to the future yet, so we can take care of the present, you see; that is what I am trying to get done.

Well, Mr. Chairman, that, I think—oh, just one final point. I do want to commend to you the FTA's role in the Gulf Coast recovery. In New Orleans, the transit system was carrying 125,000 people every day. They had a fleet of 375 buses and 65 street cars. The Mississippi Coast Transportation Authority was carrying thousands, and these systems are in bad shape right now, and they need a lot of help.

Now, you are working with FEMA, but FEMA's authority, apparently, to pay for operating subsidies is scheduled to expire. There is hardly any local tax base there to pick up, so we are going to have a real crisis coming in very short order, and I just commend that to your attention.

Mr. SIMPSON. Thank you, Senator.

Senator SARBANES. Finally, Mr. Chairman, I would say both of these nominees have impressive records in the private sector, for which I commend them, not only in their businesses but also in terms of their community involvement, and you both now are going to positions in which there is a real opportunity to exercise some leadership. That is not the total picture, but within the big picture, you have a defined responsibility and a certain amount of authority to carry out that responsibility.

And that can make a difference in the lives of our people, and I, for one wish you well, and I for one am prepared to move these nominees along, Mr. Chairman, and I thank both of you for——

Chairman SHELBY. As soon as we can.

Mr. SIMPSON. Thank you, Senator; thank you, Mr. Chairman.

Chairman SHELBY. Thank you, Senator Sarbanes.

I, too, want to thank you, Mr. Simpson, Mr. Couch, for your willingness to serve. We know you both have had great business careers, and we think you can use a lot of that talent and education that you have for the greater good.

Thank you very much. We will move your nominations as soon as we can.

Mr. SIMPSON. Thank you.

Mr. COUCH. Thank you.

Chairman SHELBY. The hearing is adjourned.

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

[Prepared statements, biographical sketches of nominees, and response to written questions supplied for the record follow:]

PREPARED STATEMENT OF SENATOR JACK REED

Mr. Chairman, thank you for holding this hearing today. I want to welcome Mr. Simpson and Mr. Couch.

Public transit is essential to millions of Americans who use it to commute to work and get to school, and it is a lifeline to many Americans who do not have access to a car. I look forward to hearing from Mr. Simpson about what he believes is the Federal Government and his role in working with Congress, public transportation organizations, and public transportation users.

I briefly want to mention two issues that I believe need to be priorities for the Administration and Congress for transit—securing full funding for transit and increasing funding for transit security.

In his State of the Union, President Bush said that America is addicted to oil. I could not agree more. In the United States, the transportation sector is the largest user of oil so transit is essential to ending our addiction and putting us on the road to energy independence. Unfortunately, the President's budget cuts the Federal Transit Administration's budget by $100 million below the level authorized in SAFETEA. With high gas prices facing Americans now and into the future, congestion on our roads, and more Americans riding transit, now is not the time to cut funding.

I am also concerned with the Administration's funding for transit security. Subways, light rail, buses, and ferries are designed for easy access and to move large numbers of people. We know that transit systems and their riders are by their very nature prime terrorist targets.

To date, the Federal Government has allocated only $250 million for transit security. We need a greater investment in transit security to protect the millions of hard-working Americans who take public transportation every single day. I urge FTA to work with the Department of Homeland Security to place a higher priority on increasing the security of our public transportation systems and work to ensure sufficient funds for this purpose.

With respect to Mr. Couch's nomination to be President of Ginnie Mae, I would be remiss if I did not talk about the lack of affordable housing in this country.

In my home of State of Rhode Island, a family must earn $18.42 per hour to afford an average two-bedroom apartment. For families to afford the average home, priced at $275,000 in Rhode Island, a family needs an income of $87,210 per year.

In the last 6 years, home prices have more than doubled in Rhode Island, while incomes lagged, increasing a mere 6 percent. This situation is not unique to Rhode Island.

For this reason, last year, I offered a proposal to create a National Affordable Housing Trust Fund. The Fund would be used to provide much-needed money for creative strategies to provide affordable housing.

Indeed, at a time when we are debating a proposed cut of $622 million to the HUD budget, and in an era where many teachers, firefighters, and police officers are paying more than half of their income on housing, we must use all available tools and innovative measures to increase the stock of affordable housing in this country.

Ginnie Mae plays an integral role in this process. Acting as a guarantee for loans for low- and moderate-income families, Ginnie Mae enables many households to find and finance affordable housing. Without its guarantee behind FHA- and VA-insured loans, we would have an even greater affordable housing predicament.

But, I believe Ginnie Mae could do more. I am anxious to hear Mr. Couch's proposals for increasing Ginnie Mae's affordable housing assistance, as well as the ways in which Ginnie Mae can increase affordable rental housing.

Mr. Simpson and Mr. Couch, I look forward to hearing your remarks this morning. Thank you, Mr. Chairman.

PREPARED STATEMENT OF JAMES S. SIMPSON

ADMINISTRATOR-DESIGNATE, FEDERAL TRANSIT ADMINISTRATION
U.S. DEPARTMENT OF TRANSPORTATION

MARCH 14, 2006

Mr. Chairman and Members of the Committee, I believe one of the highest honors bestowed upon an American citizen is to sit before a U.S. Senate Committee for a confirmation hearing. I am both humbled and honored for having the opportunity to come before you today.

I want to thank President Bush for having the confidence in me and nominating me to another post within the Department of Transportation. As you may be aware, I currently serve the President as a Member of the St. Lawrence Seaway Development Corporation Advisory Board. I would also like to thank Secretary Mineta for his support of me as Administrator of the Federal Transit Administration.

If confirmed, I would work tirelessly with this Committee, the Congress, and the other stakeholders to ensure that all people across this great Nation are well-served by a safe, cost effective, and reliable public transportation system.

Many of my life's experiences have had a profound impact on me as an advocate for public transportation. As the oldest of four children growing up in New York City, I am keenly aware of how public transit impacts the lives of families and individuals. I have witnessed how public transit moves people who are economically disadvantaged from the home to the workplace. Transit made it possible for my mother to commute to Manhattan for employment, which enabled our family to move off welfare. Public transportation provided me with the opportunity to travel from home in Staten Island to school in Brooklyn and to work in Manhattan after school via five buses, one ferry, and a subway each day. Mobility through public transit contributed to the richness of my quality of life. Without a family automobile, I viewed affordable public transit as a necessity and as a vehicle that created a sense of freedom. Public transit opened a world of social and cultural diversity. It made summers possible at Coney Island, winters in Central Park, and it exposed me to Times Square, The Museum of Natural History, Yankee Stadium, The World's Fair, Chinatown, and Little Italy. It brought families together from diverse neighborhoods and communities. All of these influences, fostered by public transportation, account for much of the reason I stand before this Committee today.

As a business owner in the motor carrier industry, I have experienced first hand the economic and social costs associated with insufficient public transportation. At my Staten Island, New York facility—a mere 15 miles from mid-town Manhattan—my vehicles and employees waste over 4 hours a day traveling to and from their job site during the morning and evening rush on Interstate 278, a commute that is only a half hour each way off peak. An expanded public transit system can help mitigate highway congestion, lower travel time and increase productivity and profitability for our Nation's businesses and individuals alike.

If confirmed as FTA Administrator, I will work diligently with all the stakeholders to foster economic development, enhance mobility and accessibility in rural and urban communities alike, reduce traffic congestion, and strengthen the safety and security of the Nation's transit systems through cost effective spending on public transportation.

My qualifications to serve as Administrator of the Federal Transit Administration derive from lifelong leadership roles in the transportation field, from my tenure at the Metropolitan Transportation Authority—the Nation's largest transit system—and from my experience as President of my own company, as well as from my personal interest in the aviation industry as a licensed jet and multiengine pilot.

In 1995, I was appointed by Governor George E. Pataki as a Commissioner and Member of the Board of Directors of the New York State Metropolitan Transportation Authority, which exposed me to a decade of oversight of large-scale, extremely complex transit systems. For most of my two terms at the MTA, I simultaneously served as Chair of the Real Estate and Planning Committee, Chair of the Safety and Security Committee, Member of the New York City Transit Committee, Member of the Finance Committee, and Member of the Corporate Governance Committee. I have been exposed to a multitude of responsibilities and issues including oversight of MTA management and operations, budgets, financial plans, procurement contracts, capital programs, Federal and State grants, collective bargaining agreements, fare and toll changes, service changes, public hearings, disadvantaged business, and minority and women business enterprise plans and goals, corporate governance, conflict of interest issues, and safety and security issues.

In the private sector, I have spent over 20 years running my own company. I believe my knowledge and experience in the realms of management, leadership, finance; planning and organization of my own company have prepared me for many of the challenges inherent in the administration of the Federal Transit Administration.

I have made public service an integral part of my life, as I believe it should be an endeavor undertaken by all responsible business people. Serving our country and the President is an immense privilege and honor and, if confirmed, I would apply my knowledge and skills to the successful management and advancement of our Nation's transit systems.

Simpson, James S.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: *Simpson* (Last) *James* (First) *Stuart* (Other)

Position to which nominated:

Administrator, Federal Transit Administration at the Department of Transportation.

Date of nomination:

Date of birth: *19* (Day) *March* (Month) *1956* (Year)

Place of birth: *Brooklyn, NY*

Marital Status: *Married (9/10/2005)*

Full name of spouse: *Gertrude Mary Rosato*

Name and ages of children:

Allison E. Simpson – (Daughter) Age 25
Jillian V. Simpson – (Daughter) Age 23

Education:

Institution	Dates attended	Degrees received	Dates of degrees
SUNY at Fredonia, NY	*8/75-5/76*	*None*	
St. John's University	*76-79*	*B.S., Magna Cum Laude Management & Economics*	*5/79*

Simpson, James S.

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

- ***Beta Gamma Sigma – National Honor Society of Business.***
- ***Omicron Delta Epsilon – National Honor Society in Economics.***
- ***David Rockefeller Fellowship Program (1994-2000).***
  - ***The David Rockefeller Fellowship Program helps rising business executives prepare to become active civic leaders. Through a rigorous schedule of meetings, seminars and site visits during their fellowship year, the Fellows are exposed to the wide range of critical issues that confront New York City, from housing and homelessness to education and health care, from criminal justice and community development to city infrastructure and budget issues, from state and federal urban policies to immigration issues.***

- ***David Rockefeller Fellows Admission Committee, 1996-2000.***
- ***Johns Hopkins University, British American Fellowship, 1996-present.***
- ***State of New York Metropolitan Transportation Authority (2005), Resolution of Dedicated Service and Leadership following the terrorist attacks of September 11th, 2001.***
- ***Heartshare Human Services of New York (1999) Honoree.***
- ***American Red Cross Award for Philanthropy (1998) "Staten Island Chapter".***
- ***Congress for Italian American Organizations Man of the Year Award (1997) Presented by Mayor Rudolph Giuliani.***
- ***Center for Migration Studies Greek American Award (1996).***
- ***Appointed Honorary Detective of the NYPD (1996).***
- ***Appointed Honorary Deputy Police Commissioner of the NYPD (1996).***
- ***City of New York Police Department (1996), Honor Legion, Honorary Member.***
- ***Wagner College, Omicron Delta Kappa (1996), Collegiate Service Award and Honorary Member.***
- ***Employer of the Year award (First Recipient) – American Mover's Conference (1995).***
- ***Staten Island Chamber of Commerce Citation of Honor (1994) Development of the organization and community as Chairman.***
- ***Employee Relocation Council, Washington, D.C - Distinguished Service Award, (1994), Recognition of continuous dedicated service and professional contributions.***
- ***Ernst & Young / NASDAQ (1993) Semifinalist National Entrepreneur of the Year.***
- ***NYC Council Proclamation (1993) Awarded by John A. Fusco, Member of NYC Council, for dedication and service to the community.***
- ***NYC Council Citation (1993) Awarded by Jerome O'Donovan, member of NYC Council, for exemplary service to the community.***
- ***Proclamation from Congresswoman Susan Molinari (1993) Awarded for dedication, commitment and effort on behalf of the community.***
- ***Employer of the Year Award, American Moving and Storage Association - (1993) nominated by employees for leadership, professionalism and genuine concern for others.***
- ***United Activities Unlimited Honoree (1993) Awarded for dedication and community service for the children of Staten Island.***
- ***NYPD Certificate of Recognition (1991) for outstanding community service.***

- *Snug Harbor Cultural Center Resolution Award (1990) Honored for being a gifted and committed corporate and civic leader who shaped the Institution.*
- *Dewar's Profile Award (1989) Nominated by the Staten Island, Chamber of Commerce for inspiration and leadership to the community through outstanding performance in business, civic, cultural and philanthropic activities.*
- *Employee Relocation Council, Washington, D.C. Meritorious Service Award, 1989, Professional contributions to the ERC and the relocation business community.*
- *Businessman of the Year – Staten Island, Chamber of Commerce (1988) Recognized for "business acumen, integrity, and commitment to the community".*
- *NYPD Certificate of Appreciation (1988) Awarded for outstanding service to the police department and the people of the City of New York.*
- *Merchant's Eye on Crime Award (1986) Awarded for partnering the New York City Police Department and Staten Island business owners to reduce crime in the Community.*
- *Borough President of Staten Island Outstanding Citizenship Award (1985).*

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

Organization	Office held (if any)	Dates
Tri - State Relocation Services, Inc.	*President 1990 - 1991* *Member 1992 - 2002*	*(1990 - 2002)*

A non-profit group co-founded in 1990, to encourage education and professionalism among professional service providers, based in the State of New York, New Jersey and Connecticut. With over 200 members, the group is viewed as a leading relocation service organization.

Employee Relocation Council, Washington, D.C., *(1989-Present)*
Member

The ERC examines key issues affecting the relocation industry for the benefit of corporations, government and individuals.

Industry Advisory Board, 1997-1998

Designations
- *Senior Certified Relocation Professional (1994)*
- *Certified Relocation Professional (1991)*

American Moving and Storage Association, *(1985 – Present)*
Member

Richmond County Country Club (Golf Club) Staten Island, NY *(1981 – Present)*
Member

Simpson, James S.

New York City Partnership/New York City Chamber of Commerce *(1993 - 2002)*

- *David Rockefeller Fellows*
  Admissions Board *(1996 – 2000)*
- *Member of the Board of Directors* *(1996 – 2002)*
- *David Rockefeller Fellows Program* *(1994-1995)*
- *Committee on Education* *(1994)*
- *Drugs Don't Work Committee* *(1993-1994)*
- *Summer Jobs Committee* *(1993)*

SkyClub – (Social / Business Club) New York, NY *(1996-2001)*
Member

Staten Island Chamber of Commerce *(1981-2001)*

- *Chairman of the Board (1992-1993)*
- *Vice Chairman, Organizational Affairs*
- *Member, Board of Directors*
- *Chairman, Transportation Committee*
- *Chairman, Economic Development Committee*

Staten Island University Hospital *(1995 - 2001)*
Board of Directors

The College of Staten Island Foundation *(1994-1997)*
Board of Trustees

Staten Island Economic Development Corporation *(1990-1996)*
(Formally the Staten Island Partnership)

- *Board of Directors*
- *Chairman, Transportation Committee*

Snug Harbor Cultural Center *(1985-1990)*
A cultural center of Staten Island for the performing and visual arts with a two million dollar operating budget and five million dollar capital budget.

Class A Director-appointment by Mayor Koch

- *Member of Architectural Review Committee*
- *Member of Planning Committee*
- *Vice Chairman (1989-1990)*
- *Treasurer (1986-1987)*

St. Vincent's Hospital *(1985-1990)*

- *Advisory Board*
- *Personnel Committee*
- *Long Range Planning Committee*
- *Finance Committee*
- *Chairman, Bell Society (1989-1990)*

New York City Community Board #1 - Member *(1983-1985)*

Simpson, James S.

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

1976 – Present Victory Worldwide Transportation Inc. & Victory Relocation Services, Inc.

357 Targee Street, Staten Island, N, 10304
1045 Cranbury South River Road, Jamesburg, NJ, 08831

- *1990 - Present – Chairman on the Board & Chief Executive Officer*
- *1984 - 1990 – President*
- *1980 - 1984 – Vice President*
- *1979 – 1980 – Sales Manager*
- *1979 – Salesman*
- *1978 – Clerk, Typist*
- *1976 - 1978 – Driver*

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

Saint Lawrence Seaway Development Corporation (11/2004 – Present)
- **Advisory Board.**

New York State Metropolitan Transportation Authority (6/1995-7/2005)
- **Chairman, Real Estate & Planning Committee.**
- **Chairman, Safety and Security Committee.**
- **Member – Finance Committee.**
- **Member – New York City Transit Authority Committee.**
- **Member –Governance Committee.**
- **Member – Board of Directors.**

New York State Job Development Authority (1995 – 7/2005)

- **Appointed by Governor George Pataki as a member of the Board, which provides long term loans and guarantees aid to businesses relocating, expanding and improving employment opportunities in the State of New York**

Work Force Investment Board (2000 – 2001)

- **Appointed by Mayor Rudolph Guiliani to the Board of the Workforce Investment Board for the City of New York in July 2000.**

Police Department of the City of New York (1996)

- **Appointed Honory Deputy Commissioner by the Police Commissioner of the City of New York.**

New York State Financial Control Board (1993 – 2001)

- **Appointed by the New York City Council Republican Leader as an Observer.**

Simpson, James S.

New York City Commission on the Redevelopment of Naval Station New York **(1993-1996)**

- **Commissioner appointed by Congresswoman Susan Molinari and Mayor David Dinkins, re-appointed by Mayor Guiliani**
- **Chairman, Committee on Public Affairs**

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

Date	*Title – All articles published in Mobility Magizine (National Employee Relocation Council)*
1994	*The ABC's of The International Household Goods Transportation*
1988	*Financial Stability: A Key Element in Carrier Selection*
1987	*The Purchase and Administration of Household Goods Relocation Services*
1986	*Purchasing: A Function of Relocation*
1985	*The Successful Office Relocation in a Nutshell*

1991	*The Consumer's Guide to Real Estate (Contributing Author)* *Published by North American Consulting Group, Inc., St. Louis, MO*

1978	*The role of Mini Computers in Managing Small Business* *(American Institute for Decision Sciences)*

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

Member – Palm Beach Republican Club – Palm Beach, FL

Simpson, James S.

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

Charlie Christ for Governor	*5/2005*	*$500.00*
Bruno for Assembly	*5/2004*	*$2,000.00*
Bush - Cheney '04 Compliance Committee	*4/28/2004*	*$2,000.00*
Jeb Bush For Governor	*2003*	*$500.00*
Keep Our Majority PAC	*10/6/2003*	*$500.00*
Donovan For District Attorney	*8/27/2003*	*$5,000.00*
Dennis Hassert	*4/1/2003*	*$500.00*
Bush - Cheney '04	*12/23/2003*	*$2,000.00*
Dennis Hassert	*2003*	*$500.00*
Peters for Assembly	*8/22/2002*	*$500.00*
Mercaldo for Assembly	*8/22/2002*	*$1,000.00*
Max Cleland For Senate	*2002*	*$2,000.00*
Bush - Brogan 2002	*7/5/2001*	*$500.00*
Friends of Pataki	*6/7/2001*	*$5,000.00*
Arkansans for Rockefeller	*2001*	*$250.00*
Rick Lazio for Senate	*7/18/2000*	*$1,000.00*
American Moving and Storage PAC.	*5/22/2000*	*$1,000.00*
Staten Island Center Independents	*4/30/2000*	*$2,000.00*
Richmond Republican Party	*4/30/2000*	*$1,500.00*
Max Cleland For Senate	*2/11/2000*	*$2,000.00*
Max Cleland For Senate	*12/21/1999*	*$1,000.00*
Bush For President	*2000*	*$2,000.00*
Mccain 2000 Inc.	*12/7/1999*	*$1,000.00*
American Moving and Storage PAC.	*8/23/1999*	*$2,000.00*
Rudolph Giuliani	*6/10/1999*	*$1,000.00*
Friends of Giuliani Exploratory Committee	*6/3/1999*	*$1,000.00*
Friends of Giuliani Exploratory Committee	*4/23/1999*	*$1,000.00*
Richmond County Political Pac	*5/5/1998*	*$1,000.00*
Glen Yost for Assembly	*5/5/1998*	*$2,000.00*
American Moving and Storage PAC.	*2/16/1998*	*$1,000.00*
Republican County Committee	*2/5/1998*	*$1,250.00*
Dennis Vacco for New York State Attorney	*1998*	*$5,000.00*
Committee Reelect John Fusco	*9/15/1997*	*$500.00*
Vito Fossella for Congress	*8/22/1997*	*$1,000.00*
Whitman for Governor	*8/9/1997*	*$500.00*
NYS Senate Republicans	*7/1/1997*	*$1,000.00*
The NY Republican	*4/1/1997*	*$6,000.00*
Giuliani For Mayor	*1997*	*$5,000.00*
Vito Fossella	*12/10/1996*	*$1,000.00*

Simpson, James S.

Citizens for Gulotta	*12/7/1996*	*$2,000.00*
New York Republican Campaign Committee	*11/1/1996*	*$500.00*
Fiala for Assembly	*9/13/1996*	*$1,000.00*
Committee Reelect Susan Molinari	*8/30/1996*	*$1,000.00*
Bill Paxon for Congress	*8/20/1996*	*$1,000.00*
Renew America PAC	*7/1/1996*	*$3,000.00*
NY Salute '96	*6/24/1996*	*$2,000.00*
Susan Molinari for Congress	*3/25/1996*	*$1,000.00*
New York Delegates for Bob Dole	*2/23/1996*	*$500.00*
Max Cleland For Senate	*1996*	*$2,000.00*
Max Cleland	*12/8/1995*	*$1,000.00*
Al Damato for Senate	*12/4/1995*	*$2,000.00*
Bob Dole	*11/1/1995*	*$2,000.00*
Unigroup Inc. Political Action Committee	*7/28/1995*	*$1,000.00*
Guy Molinari for District Attorney	*1995*	*$5,000.00*

Simpson, James S.

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

My qualifications to serve as Administrator of the Federal Transit Administration derive from lifelong leadership roles in the transportation field, from my experience as President of my own company, Victory Worldwide Transportation, Inc. to my tenure at the Metropolitan Transportation Authority.

I have spent over twenty years as the President and/or Chief Executive Officer of Victory Worldwide Transportation, learning every facet of the company from the ground up. I believe my knowledge and experience in the realms of management, leadership, finance, planning and organization of my own company have prepared me for many of the challenges inherent in the administration of the Federal Transit Administration.

When I began my career at Victory, it was a local moving company with several trucks, operating out of a storefront. In less than fifteen years, I transformed Victory into a worldwide transportation service provider of household goods and relocations for corporate America. While in college, I balanced a full curriculum with full-time employment at Victory Van Lines (later Victory Worldwide Transportation). I started my career as a truck driver and was soon thereafter offered a clerical position in the office. While building Victory, I learned many valuable lessons such as understanding the significance of setting objectives; establishing organizational structure and procedural policy; and the assignment of authority and responsibility. I learned that leadership is a team effort that entails establishing direction, developing a vision for the future, fostering collaboration, and engendering empowerment.

Under my leadership, Victory has built a stellar reputation in the moving industry and has been recognized by companies such as AT&T, Lucent Technology and GTE for excellent service. In addition, the U.S. Department of Commerce and American Moving and Storage Association have recognized Victory with prestigious awards.

In June 1995, I was appointed by Governor George E. Pataki as Commissioner and Member of the Board of Directors of the NYS Metropolitan Transportation Authority. There I was exposed to extremely complex transit issues. During my term at the MTA, I was exposed to a multitude of responsibilities and issues including, but not limited to, oversight of MTA management and operations, budgets, financial plans, capital programs, federal and state grants, corporate governance, and safety and security issues. During my decade on the MTA, I was the Chairman of many important committees - including the Real Estate and Planning Committee and the Safety and Security Committee

As Chair of the Safety and Security Committee, I was charged with safety and security policy and investigations for the entire organization, something that became even more critical to the MTA system -- and the nation -- in the aftermath of 9/11. In addition to being the MTA Board Liaison to NYC Mayor Giuliani, Governor Pataki and the NYC Office of Emergency Management immediately following the tragedy as the MTA struggled to recover service in Lower Manhattan, I subsequently worked directly with the MTA Police developing and implementing post-9/11 security strategies.

Before stepping down from the MTA in July, I was -- at the request of the Chair -- the principal MTA spokesperson for the redevelopment of the LIRR West Side rail yard to create a two billion dollar multi-use stadium and convention center. I presented the development project to the MTA board, to the citizens and politicians of the city and state, and to the media.

In my lifetime, I have gained a working knowledge of the multi-faceted structure of transportation modes, as well as of the inherent challenges in the oversight and governance of these organizations. In my career, I have applied leadership and management skills to both my professional and civic enterprises. My achievements have tested my ability to navigate the political and professional landscape of our country's largest transportation authority, as well as of the more entrepreneurial elements of running my own transportation related companies.

I have made public service an integral part of my life, as I believe it should be an endeavor undertaken by all responsible business people. Serving our country and the President is an immense privilege and honor and I wish to apply my knowledge and skills to the successful management and advancement of our nation's transportation systems.

Future employment relationships:

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

YES

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

NO

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

NO

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

YES

Potential conflicts of interest:

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

NONE

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

Please refer to the Deputy General Counsel's opinion letter.

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

There is no previous relationship with the Federal Government over the last ten years. In November, 2005 Victory Worldwide Transportation, Inc. (VWT) received notification from the General Services Administration (GSA) that VWT, Inc. is now a qualified service vendor for GSA office relocations through a competitive bidding process. The GSA contract number is 48TDRS-SIN653-8. If confirmed as the FTA Administrator, I would recuse myself from this matter in the unlikely event that it came before the Federal Transit Administration.

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

NONE

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

Please refer to the Deputy General Counsel's opinion letter.

Civil, criminal and Investigatory actions:

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

Defendant, Matrimonial, Supreme Court, New York, NY (2003)
The matter was settled prior to trial January 1, 2003.

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

NONE

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: **Couch** (Last) **Robert** (First) (Other)

Position to which nominated: **President of Govnerment National Mortgage Association**

Date of nomination: January 18, 2006

Date of birth: **April 3, 1957** (Day) (Month) (Year) **Place of birth: Texarkana, Texas**

Marital Status: Married **Full name of spouse: Anne Emack Couch**

Name and ages of children:

Mary Stuart Couch 20 yrs.

Frances McCants Couch 17 yrs.

Education:

Institution	Dates attended	Degrees received	Dates of degrees
Washington & Lee University	08/1979 – 03/1982	JD	05/1982
Washington & Lee University	08/1974 – 05/1978	BS	05/1978
All Saints Episcopal High School	08/1971 – 05/1974	Diploma	05/1974

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

Mortgage Bankers Legion, 2003 - Present;
Washington Society of Washington & Lee University, 1997 - Present.
Thrift Industry Advisory Council of the Federal Reserve Board, 2005 – Present;
Joint Campaign Against Homelessness, Co-Chairman, 2004 - 2005;
Birmingham Business Journal Executive of the Year, 2005;
FannieMae National Advisory Council, 2002 – 2003;
Certified Mortgage Banker, 2003;
John W. Davis Prize in Law (highest GPA in graduating law class), 1982;
Certified Public Accountant, (Inactive) 1979.

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

Organization	Office held (if any)	Dates
Mortgage Bankers Association of America, Board of Directors; Chairman 2003 – 2004;		
Lakeshore Foundation, Board of Directors; Chairman 1996 – 1997, 2004 – 2005;		
Real Estate Roundtable, Board of Directors; 2004 – Present;		
Mountain Brook Club, Board of Directors, 2004 – 2005;		
Cathedral Church of the Advent, Episcopal, Member, 1984 – Present;		
Beaux Arts Krewe, about 1995 to Present;		
Redstone Club, Member, 1990 – Present;		
Rotary Club of Birmingham, 1994 – Present;		
Shoal Creek Club, 1997 – Present;		
American Bar Association, Member, 1984 – Present;		
Arkansas Society of Certified Public Accountants (Inactive), Member, 1979 – Present;		
Alabama Bar Association, Member, 1984 – Present;		
Birmingham Bar Association, Member, 1984 – Present;		
Leadership Birmingham, 1997 – Present;		
Young President's Organization, 2000 – Present;		
President's Advisory Committee of Birmingham Southern College, 2000 – Present;		
Lakeshore Hospital, Board of Directors, Chairman 1993 – 1994;		
Mortgage Bankers Association of Alabama, Board of Directors, President 1999 – 2000;		
Cooperative Downtown Ministries (Old Firehouse Men's Shelter), Board of Directors, 1992 – 1994;		
The Crisis Center, Board of Directors, 1994 – 2000;		
Washington & Lee University Law Council, 1991 – 2003, President 1996 –1997;		
Girls, Inc. of Central Alabama, Board of Directors, 1987 - 1993;		
Research Institue for Housing America, Director, 2003;		
WBHM Friends Committee, Member, 2002 - 2003.		

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

Accountant, Arthur Andersen & Co., Washington, DC, 05/1978 – 10/1978
Accoutant, Arkansas Best Corp., Ft. Smith, AR, 10/1978 – 08/1979
Law Clerk, Woods & Rogers, Roanoke, VA, 05/1980 – 08/1980
Law Clerk, Jackson, Walker, et al, Dallas, TX, 05/1981 –07/1981
Law Clerk, King & Spalding, Atlanta, GA, 07/1981 – 08/1981
Law Clerk, Pugh & Pugh, Shreveport, LA, 05/1982 – 07/1982
Law Clerk, Bradley, Arant, Rose & White, Birmingham, AL 07/1982 – 08/1982
Law Clerk, Hon. John M. Wisdom, USCA 5th Circuit, New Orleans, LA, 08/1982 – 06/1983
Law Clerk, Hon. Lewis F. Powell, Jr., Associate Justice, U.S. Supreme Court, Washington, DC 06/1983 –06/1984
Lawyer, Bradley Arant Rose & White, Birmingham, AL, 06/1984 – 06/1987
General Counsel and CFO, First Commercial Bancshares, Inc., Birmingham, AL 06/1987 – 12/1992
General Counsel and CFO, Synovus Financial Corp. of Alabama, Birmingham, AL 12/1992 – 09/1993
EVP, Collateral Mortgage, Ltd., Birmingham, AL 10/1993 – 08/1995
President, Collateral Mortgage, Ltd., Birmingham, AL 08/1995 – 11/1999
Managing Director, Collateral Mortgage, Ltd., Birmingham, AL 11/1999 - Present
Vice Chairman, New South Federal Savings Bank, Birmingham, AL 10/1993 – 07/1998
President, New South Federal Savings Bank, Birmingham, AL 07/1998 – 03/2001
President & CEO, New South Federal Savings Bank, Birmingham, AL 03/2001 – Present

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

Planning Commission of the City of Mountain Brook –1992 – 1999, Chairman 1994 –1999
Thrift Industry Advisory Council of the Federal Reserve Board, 2005- Present

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

1. Preemption vs. State Rights, The Lender Advocate, 10 (Fall, 2004)
2. A Tribute to Lewis F. Powell, Jr., 56 Washington & Lee Law Review, 19 (1999)
3. The Complicated Pregnancy: Burwell vs. Eastern Air Lines, Inc., 38 Washington & Lee Law Review, 123 (1981)
4. A Suggested Legislative Approach to Computer Crime, 38 Washington & Lee Law Review, 1173 (1981)

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

I successfully ran for a seat on the Jefferson County Republican Party Executive Committee in 1997 and served until 2002. I have been the Treasurer of the Committee for Fairness in Government, my company's political action committee, since 1996. I currently serve on the finance committee of the Luther Strange for Alabama Lt. Governor campaign.

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

See Attachment A

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

I have been involved in the financial services industry since 1987, first at a commercial bank, and, more recently, at a savings bank that focuses predominantly on the mortgage industry. In those capacities, I have acquainted myself with mortgage finance and the issues germane to the mortgage industry. I have worked with Ginnie Mae as an executive officer of a company that originates FHA and VA mortgages and has the resulting securities guaranteed by Ginnie Mae. Thus, I am familiar with issues specific to Ginnie Mae and its dealings with its issuers.

I have also been active in mortgage industry trade associations. I served as President of the Mortgage Bankers Association of Alabama in 1999 and 2000. I also rose to the leadership of the Mortgage Bankers Association of America, serving as the Chairman of that organization from October of 2003 until October of 2004. In those capacities, I became aware of the issues that are important to the industry and to Ginnie Mae. I have worked with Ginnie Mae in the past as an industry representative to resolve problems and issues that have hindered the smooth functioning of the secondary mortgage market.

I have worked since 1994 with Cooperative Downtown Ministries of Birmingham, Alabama, an organization that sponsors the Old Firehouse Shelter for men. I served on the board of the Cooperative Downtown Ministries for a period and later was asked to serve as Co-Chairman of the Joint Campaign Against Homelessness. That campaign was intended to raise approximately $10 million for the rebuilding of two homeless shelters in the Birmingham area. The campaign was ultimately unsuccessful because of the inability of the Old Firehouse Shelter to find a new location with appropriate zoning. In my work with the homeless community, I have learned first-hand the importance of homeownership to families in America.

For these reasons, I believe I am qualified to serve as President of Ginnie Mae.

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

I will resign from my current employers effective February 1, 2006.

2. As far as can be foreseen, state whether you have any plans after completing

government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization.

I have no plans after completing government service to resume employment, affiliation or practice with my previous employer.

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

No

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

Yes

Potential conflicts of interest:

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

I have reached an agreement with my current employers, Collateral Mortgage, Ltd., New South Bancshares, Inc. and New South Federal Savings Bank to liquidate all employment agreements and deferred compensation arrangements. The terms of that liquidation are set forth in my response to the last question below.

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

The following are assets that are either owned or controlled by me that could cause a potential conflict of interest, or the appearance of a conflict:

JP Morgan Chase
Louisianna Housing Finance Agency Bond
New South Bancshares, Inc.
Synovus Financial Corporation
Triad Guaranty Insurance Corporation

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

None

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

During 2005 I, along with a group of other mortgage bankers, advocated in favor of a provision in the propsed GSE regulatory enhancement legislation to require that customers of Fannie Mae and Freddie Mac be charged uniform guarantee fees for mortgage backed securities guaranteed by the GSEs. In the alternative, this group advocated for increased disclosure of guarantee fees charged by Fannie Mae and Freddie Mac.

In my capacity as an officer of the Mortgage Bankers Association of America and the Mortgage Bankers Association of Alabama, I advocated for the positions and policies that those organizations propounded from time to time.

In my capacity as a Director and Officer of the Lakeshore Foundation, I have contacted several legislators and administrators in support of grant requests by that organization. The Lakeshore Foundation is a 501(c)(3) entity whose mission is to improve the lives of those with physical disabilites.

At no time have I been a paid lobbyist or received any compensation for my work with the aforementioned organizations or for my efforts to influence legislation, national law, or public policy.

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

See Attached Proposed Ethics Agreement.

Civil, criminal and investigatory actions:

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

In April, 1992, I was deposed by the Securities and Exchange Commission in a matter regarding the proposed merger of Synovus Financial Corporation and First Commercial Bancshares, Inc. No proceedings were instituted against either company and the merger was completed.

I believe I was named as a defendant in several lawsuits in my capacity as Chairman of the City of Mountain Brook Planning Commission in efforts to overturn decisions made by the Planning Commission during the period from 1992 – 1999. To the best of my knowledge, none of those suits resulted in judgments against me.

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

None

RESPONSE TO WRITTEN QUESTIONS OF SENATOR SHELBY FROM JAMES S. SIMPSON

Q.1. SAFETEA made a number of changes to the Capital Investment Grants program, including the creation of the Small Starts program. However, FTA has said that regulations are not ready to implement the new Small Starts program which was both an Administration and a Congressional priority. What is being done to ensure that regulations are issued in a timely fashion? Additionally, SAFETEA requires that the process of navigating the Small Starts process be simplified and streamlined, while still protecting the integrity of the process by maintaining the requirement that projects be cost-effective. Has the construction of a flexible process contributed to the delay in implementing the new program?

A.1. If confirmed by the Senate, I can assure you that I will make sure the process of issuing regulations is performed on a timely basis with adequate input from Congress, Members of this Committee, and other stakeholders. Additionally, I am not aware if creating a flexible process contributed to the delay in implementing the new Small Starts program, but can assure this Committee that, if confirmed, I will work to get the Small Starts program implemented as quickly as possible.

Q.2. A recent GAO report recommended that DHS and DOT work to evaluate the feasibility of maintaining an information clearinghouse of security best practices (both domestic and foreign) for U.S. transit agencies to learn from. Do you agree with the GAO's recommendations, and if so, how might FTA help facilitate the creation of a best practices transit security clearinghouse?

A.2. I believe DHS and DOT should work together to evaluate the feasibility of maintaining an information clearinghouse of security with best practices for U.S. transit agencies. I believe that by FTA assisting DHS, standards on transit security, some of which are recommended in the GAO report, could be established to benefit the entire public transportation system and its riders.

Q.3. If confirmed as the Federal Transit Administrator, what steps will you take to ensure that the safety and security of the transit-riding public from terrorist attacks? Would you advocate for a more active role for the FTA in carrying out the Federal responsibility of protecting riders and transit assets and infrastructure? Do you believe that the most appropriate Federal agency to handle transit security is the Department of Homeland Security or the Federal Transit Administration?

A.3. As I stated at my confirmation hearing, I look forward to learning more about how FTA can contribute to the fight against terrorism. It is my understanding that the TSA under DHS has the lead responsibility in the area of transit security. However, if confirmed, I pledge to work with this Committee, DHS, and other stakeholders to make public transportation as safe as possible from terrorist attacks.

Q.4. SAFETEA changed the funding of FTA's Job Access and Reverse Commute (JARC) from a discretionary grant program managed through FTA to a formula program providing funds to States and urbanized areas with a population of 200,000 or more. Given

that the funds will be available to all States and urbanized areas with a population of 200,000 or more, how do you envision FTA will ensure that the States and urbanized areas provide grant funding at an appropriate level to help JARC projects be successful? And how do you anticipate FTA would evaluate the impact of this program? Will FTA make extra efforts to ensure that the projects funded with JARC monies go to those projects that have potential to be self-sustaining, as was Congressional intent when the program was first authored as part of TEA–21?

A.4. As a manager, I believe it is my goal to ensure all programs at FTA including JARC are successful. If confirmed, I would apply my past experiences to ensure successful implementation of FTA's plans and programs as intended in TEA–21 and SAFETEA–LU.

Q.5. Administrator Dorn was strongly committed to improving the coordination of social services transportation provided by FTA grantees, and grantees of other Federal agencies like HHS and the Department of Labor. She created the "United We Ride" program to provide financial and programmatic support for this coordination. Subsequently, Presidential Executive Order 13330 mandated that agencies work with the Interagency Transportation Coordinating Council to advance human service coordination.

SAFETEA also contained a number of provisions designed to improve the ability of transportation providers to coordinate their services. These provisions include (1) allowing State and local grantees of DOT's Special Needs for Elderly Individuals and Individuals with Disabilities (5310), Job Access and Reverse Commute (5316), and New Freedom (5317) programs to use funds from other Federal programs for the required matching funds, thereby explicitly allowing and encouraging the coordination of Federal programs; and (2) requiring projects funded through the 5310 and 5317 programs to be developed through a coordinated transportation planning process that includes human service providers and the public.

How successful have FTA's efforts been in improving coordination of social services transportation at the Federal, State, and local level? What challenges are service providers facing in using and complying with the SAFETEA provisions? If confirmed, what will you do to ensure that this important mandate is successfully carried out?

A.5. I am aware that FTA has been focused on improving coordination of social services transportation at the Federal, State, and local level. I am also aware that over 60 various governmental agencies are attempting to deliver various levels of specialized transit service to the riding public. With my background at the MTA and in managing my own interstate transportation company, I know firsthand the problems inherent in the transportation planning process for this important service. If confirmed, I will work with all the stakeholders to ensure this mandate is successfully carried out.

Q.6. The FTA is proposing in its fiscal year 2007 budget an increase in the Federal match for hybrid buses to 100 percent. Please explain this FTA policy, and the benefits to be derived from the introduction of hybrid buses for city transit systems.

A.6. I am not familiar with the development of FTA's policy on the Federal match for hybrid buses. I am, however, an advocate of hybrid and alternative fuel buses. Hybrid buses have been very successful in New York State in reducing emissions, saving fuel, and reducing noise pollution. If confirmed, I would work to encourage the use of hybrid and alternative fuel buses for our Nation's transit systems.

Q.7. I am concerned with the progress made to date on the Cooperative Bus Procurement Pilot Program. Congress passed this program to determine the benefits of encouraging cooperative procurement of major capital equipment under Sections 5307, 5309, and 5311. As an added incentive to grantees to try this innovative approach, Congress authorized a 90 percent Federal share for this pilot program. The legislation called on the Department to conduct outreach to the transit industry for the purpose of educating grantees and others. To date, we have not seen FTA taking an active role in communicating with the industry regarding the potential for cost-savings associated with this approach. Can you report on the status of FTA's actions thus far and plans for the future to comply with this dictate?

A.7. If confirmed as Administrator of FTA, I would work to implement the Cooperative Bus Pilot Program as directed in SAFETEA–LU and would conduct outreach to the industry and report regularly to this Committee.

Q.8. Further, please report to the Committee on the FTA's compliance with the provisions requiring the establishment of the pilot programs and the current status.

A.8. I understand the importance of pilot programs and, if confirmed, I pledge to work toward compliance with requirements and regularly report the status to this Committee.

Q.9. In SAFETEA–LU, Congress enacted significant labor protection reforms. What actions will you take to fully and fairly implement those reforms in regulations to ensure that transit can move toward being as efficient as possible?

A.9. I am aware that SAFETEA–LU includes significant labor protection reforms and if confirmed, I would make certain that they are carried out fairly and as intended by Congress.

Q.10. Since 1964, there have been statutory provisions that mandate and encourage the utilization of private transportation operators to maximum extent feasible. From the mid-1980's through the mid-1990's such definitions and guidance existed to educate public transit planners and operators how to comply with these requirements. What actions will you take to again give meaning and guidance to the private operator participation portion of the Federal Transit Act, and when?

A.10. I believe there is an important role for the private operator in public transportation and if confirmed would advocate a role for private participation in public transportation and work to implement the law.

RESPONSE TO A WRITTEN QUESTION OF SENATOR STABENOW FROM JAMES S. SIMPSON

Q.1. The FTA's background documents for the fiscal year 2007 budget request notes that hybrid-electric drive bus technologies are recognized "as an appealing clean fuel option, with good performance, low emissions, and lower fuel costs without costly infrastructure investments often required by other clean fuel technologies." Please outline the steps you plan to take to encourage more extensive use of this technology by transit agencies, particularly to address the difference in initial purchase cost between hybrid and traditional buses.

A.1. It is my understanding that FTA is taking several steps to encourage the use of hybrid-electric vehicles. Transit agencies are deploying hybrid electric buses into revenue service operations across the Nation in significant quantities. My experience is limited as a board member of the New York State Metropolitan Transportation Authority where we have purchased both CNG buses and hybrid electric buses. New York City Transit has been a leader in developing this technology. Although the addition cost of these buses is significant—I believe is about 35 percent more than a traditional diesel bus—the benefits, however, are enormous. There is a fuel savings of about 30 to 35 percent and there is less air pollution and noise pollution. I personally believe the environmental, social, and economic benefits of hybrid electric buses outweigh the costs and if confirmed, I would be an advocate of this technology.

NOMINATIONS OF: CHRISTOPHER A. PADILLA, OF THE DISTRICT OF COLUMBIA, TO BE ASSISTANT SECRETARY, U.S. DEPARTMENT OF COMMERCE AND BIJAN RAFIEKIAN, OF CALIFORNIA, TO BE A MEMBER OF THE BOARD OF DIRECTORS, EXPORT-IMPORT OF THE UNITED STATES

WEDNESDAY, SEPTEMBER 27, 2006

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

The Committee met at 10:12 a.m., in room SD–538, Dirksen Senate Office Building, Senator Richard C. Shelby (Chairman of the Committee) presiding.

OPENING STATEMENT OF CHAIRMAN RICHARD C. SHELBY

Chairman SHELBY. The hearing will come to order.

This morning, we are considering the nominations of Bijan Rafiekian to be a Member of the Board of Directors of the Export-Import Bank of the United States, and Christopher Padilla to be Assistant Secretary of Commerce for Export Administration.

The Administration has placed a high priority on expanding exports to both facilitate economic growth and to help address our trade imbalance. The mission of the Export-Import Bank is to facilitate that goal. The nomination of Mr. Rafiekian to the Board of Directors of the Export-Import Bank will bring to that organization a unique background and perspective borne of his experience in the corporate world as a chief operating officer and chairman of the board. In addition, he has served as Director to the State of California's Office of Foreign Investment, a position whose title may not fully illuminate the scale of that position's importance given the magnitude of California's export industry.

Despite early expectations that the end of the Cold War would allow for a dramatic loosening of this Nation's laws and regulations governing the export of technologies with both commercial and military applications, the opposite has proven true. Even in the age of globalization, controlling the export of certain technologies to specific countries and end-users remains as important as ever.

The proliferation of technologies associated with the development of weapons of mass destruction and sophisticated conventional capabilities poses a threat to the security of the United States and to U.S. interests abroad. Therefore, administering this country's export control laws and regulations remains a vitally important responsibility. For this reason, the current absence of key officials at the Department of Commerce with responsibility for export controls represents a serious weakness in our regulatory regime. The nomination of Christopher Padilla to take over as Assistant Secretary of Commerce for Export Administration is intended to address this weakness.

Mr. Padilla brings the experience in areas of international trade and corporate export licensing. Most importantly, his most recent position as Senior Adviser to the Deputy Secretary of State has given him a perspective on the nexus of trade and national security, as did his time as a Member of the President's Export Council Subcommittee on Export Administration.

I look forward to hearing from both of the nominees, and we will try to move these nominations along because we are going to have a vote at 11:30.

Senator Allard.

STATEMENT OF SENATOR WAYNE ALLARD

Senator ALLARD. Mr. Chairman, thank you for holding this hearing. As always, I appreciate the opportunity to hear from the nominees, and I would like to welcome both of them to the Banking Committee.

First, I would like to comment on the nomination of Christopher Padilla to be the Assistant Secretary for Export Administration at the Department of Commerce. In this position, he will be responsible for an important component of national security and foreign policy through implementation of export controls. While there is a careful balance between commerce and security, national security must always be primary. Mr. Padilla's experience in both the private sector as well as at the State Department will help guide him in finding the appropriate balance.

Next, I would like to turn to the nomination of Bijan Rafiekian to be a Member of the Board of Directors for the Export-Import Bank. I appreciated the opportunity to meet with Mr. Rafiekian yesterday. He is both personable and has strong credentials for the position.

Unfortunately, I am unable to support his nomination at this time. As I outlined in last week's markup of the Export-Import Bank Reauthorization Act, I am extremely disappointed and frustrated by the lack of an Inspector General at the Export-Import Bank. Creating the Office of Inspector General at the Bank was a high priority for me during the last reauthorization of the Bank 5 years ago. After repeated delays by the House, the IG funding has now been in place for nearly 1 year, yet since that time, the White House has not even announced an intention to nominate, much less formally submit a nominee to the Senate. Until such time that the Senate receives a nomination for the Export-Import Bank Inspector General, I intend to place a hold on Mr. Rafiekian's nomination to the Board of Directors.

I have allowed recent Board nominees to proceed so that the Bank will be able to maintain a quorum. However, I cannot allow additional Board members to move forward while another equally important position at the Bank remains vacant.

As I indicated at the markup, I will also explore other options to further emphasize the importance of the Inspector General position. I intend to make further delays increasingly uncomfortable if a nominee for Inspector General is not quickly forthcoming. I am hopeful that an Inspector General nominee will be forthcoming, at which time I will be pleased to support Mr. Rafiekian's nomination to the Board of Directors for the Export-Import Bank.

In closing, I would encourage both nominees to become familiar with the Government Performance and Results Act, the GPRA, which has been named as PART assessment by the Administration. The Results Act is a key tool in giving them the focus and vision to carry out effective and efficient programs. In both of your instances, I think this is extremely important. Whenever you show up before the Committee, you can usually expect me to bring up the PART Act and make sure that you are following it. As you know, it is at least on the intergovernmental intranet, and I think it is a very important program to bring accountability so those of us in the Congress know what the various agencies are doing. If you have not had an opportunity to familiarize yourself with it, I hope that you will take time to do that.

I would exhort the nominees to become familiar with the appropriate strategic plans, the annual performance plans, annual accountability reports, and financial statements. If properly utilized, they can help you achieve success in meeting your mission.

Thank you, Mr. Chairman.

Chairman SHELBY. Thank you.

Both of you, if you will stand and raise your right hand and be sworn. Do you swear or affirm that the testimony that you are about to give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PADILLA. I do.

Mr. RAFIEKIAN. I do.

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

Mr. PADILLA. I do.

Mr. RAFIEKIAN. I do.

Chairman SHELBY. Thank you.

Mr. Padilla, we will start with you, if you want to introduce any members of your family. Your written testimony, both of you, will be made part of the record in its entirety, and if you would sum up, and if you have any family members here you want to introduce for the record.

Mr. PADILLA. Thank you, Mr. Chairman. I would like to introduce family and loved ones here today: Mario and Arlene Padilla and Christina Espinoza. And I would also like to mention, Senator Allard, my sister, Leslie, who lives in Colorado, happily so, I might add, for many years. She could not be here today.

Chairman SHELBY. And I will give him a chance to introduce any members of your family that you would like to here.

Mr. RAFIEKIAN. Yes, Senator, thank you very much. I have here today with me my wife, Gissou, my wife of 25 years; Christine, my daughter, who is attending American University; and Alexandra, my daughter, who is in eighth grade.

Chairman SHELBY. Great.

Mr. Padilla, we will start with you.

STATEMENT OF CHRISTOPHER A. PADILLA, OF THE DISTRICT OF COLUMBIA, TO BE ASSISTANT SECRETARY FOR EXPORT ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE

Mr. PADILLA. Thank you, Mr. Chairman. Chairman Shelby, Senator Allard, Members of the Committee, I am deeply honored to appear before you today as the President's nominee to be Assistant Secretary of Commerce for Export Administration, and I would like to thank President Bush and Secretary Gutierrez for the trust that they have placed in me. I would also like to thank Senators and members of your staff who have taken time to meet with me prior to today's hearing. And if confirmed, I will work to build on the good cooperation that we have already started. Most importantly, I would like to thank my family and loved ones here for their support and encouragement.

Mr. Chairman, my former boss, Ambassador Bob Zoellick, often said that America's future security and prosperity will depend on how we deal with four key questions: The threat of Islamic radical terrorism, the proliferation of weapons of mass destruction, the growing power and influence of China, and the economic and social challenges of globalization.

The Commerce Department's Bureau of Industry and Security deals with all four of these issues, but the primary mission of BIS is to protect our national security by keeping sensitive technologies away from those who should not have them. And this would be my primary mission, if confirmed.

The focus of our export control system continues to evolve. It was sufficient 20 years ago for our controls to focus on countries. But the 21st century demands that we also be able to focus on individual customers. During the Cold War, sales were broadly restricted to the Soviet Union and the Warsaw Pact, regardless of who the customer was. But today, as President Bush has said, and as you highlighted in your opening statement, Mr. Chairman, "the gravest danger our Nation faces lies at the crossroads of radicalism and technology." In response to that threat, we must target our export controls increasingly against individuals and entities such as terrorists and proliferators who operate across borders or even within friendly countries.

I think, we also, need to be able to differentiate between customers and end-users in large and diverse economies like China, where we are actively seeking to promote peaceful development and to encourage legitimate civilian trade, even as we hedge against the uncertainties created by that country's rapid military modernization.

So to help focus export controls on today's new needs, if confirmed, I would work to provide information to exporters regarding

who both the trusted and the suspect customers are, to identify countries or areas of trans-shipment concern, and to try to increase cooperation between BIS and the intelligence community, which provides us with valuable information on individual customers.

To be most effective, export controls should be as multilateral as we can make them. If confirmed, I would work to support and strengthen the four major multilateral export regimes that are at the heart of our counterproliferation strategy. I would also seek to cooperate with other Nations, such as China and Russia, to try to strengthen their national export control systems to prevent onward proliferation.

Effective multilateral controls protect our national security while also leveling the competitive playing field. But, importantly, just because someone else is selling something does not automatically mean that we should, too. In some cases, the United States may impose controls on its own, either for reasons of foreign policy or as a first step in building international coalitions and consensus.

Clearly, technology is key to our economic competitiveness. I learned this when I worked in several high-technology companies. If confirmed, I would work to ensure that BIS stays up-to-date with new technology, monitors our defense industrial base, and is alert to emerging threats. I would also work to ensure that our licensing system and treaty compliance programs are transparent and efficient and that they operate with good performance metrics, as Senator Allard has suggested.

To these important responsibilities I bring nearly 20 years of experience in international trade. Most recently at the State Department working for Deputy Secretary Zoellick, I worked on export control issues related to China, Sudan, and North Korea. From my days in the private sector, I know from personal experience what it is like to apply for an export license and run an internal control program. And during my years at USTR, I worked closely with Congress and appreciate your central role in regulating foreign commerce and trade.

Mr. Chairman, in recent weeks I have had the opportunity to meet many of the people at BIS. I appreciate their patriotism, their dedication, and their professionalism, and I hope to have the opportunity to work with them in the near future. I thank you for holding this hearing today during what I know is a very busy time for the Congress. I appreciate your prompt consideration of my nomination, and I would be pleased to answer your questions.

Yes, sir, Mr. Rafiekian.

STATEMENT OF BIJAN RAFIEKIAN, OF CALIFORNIA, MEMBER, BOARD OF DIRECTORS, EXPORT-IMPORT BANK OF THE UNITED STATES

Mr. RAFIEKIAN. Thank you, Senator. Mr. Chairman, Senator Shelby, Senator Allard, it is my distinct honor and pleasure to testify before you this morning regarding my nomination to serve on the Board of the Export-Import Bank of the United States.

I am deeply grateful to President Bush for nominating me for this position. It has been a wonderful and amazing journey from that sunny afternoon in October 1979 when I landed in Los Angeles 27 years ago, Senators, to serving some of the largest financial

institutions, founding small companies, creating new jobs, and having the great honor of serving the people of the State of California. I have also had the pleasure of teaching great young minds at the California State University, Fullerton, but most importantly, I have served as a parent to my two daughters with my wife, Gissou.

So my story, Senators, is the story of an immigrant who comes here with hope, works hard, and catches the amazing great American spirit. My story is the story of America. It is the greatness of this country. It keeps me humble and grateful and gives me the motivation to do more for my country, the United States of America.

I came to the United States from England in 1979 after graduating from Brighton University, having left Iran, where I attended Tehran Industrial College. Shortly after my arrival in the United States, I started working for Great American Federal Savings, one of San Diego's oldest financial institutions, where I held various positions and was promoted to help run the Consumer Lending Division. I later held positions with American Express/Shearson Mortgage Corporation, and co-founded Lenders Technology, a small full-service banking, consulting, and risk management firm.

In March 1994, I was appointed by the Governor of California to serve as an Economic Development Commissioner, and a Member of the Governor's Economic Development Advisory Council. I was reappointed to that position and later appointed to serve as the Director of Foreign Investment for the State of California, where my office was responsible for attraction, expansion, and retention of the State of California's foreign investment portfolio through offices around the world. Later on, the Governor appointed me to serve as a Member of the Board of Directors of California Housing Finance Agency.

Mr. Chairman, Senator Allard, if confirmed, I will work hard to use my financial and management experience in aggressively serving the best interest of the Bank's customers with prudence, supporting and creating U.S. jobs, while exercising to the fullest extent a director's fiduciary duties to the Banks owners—the taxpayers of the United States.

I thank you Senators, Mr. Chairman, for your time, for giving me an opportunity to be testifying at this hearing. I look forward to answering questions.

Chairman SHELBY. Both of you are well-qualified for your jobs by academic training and also the business community and your Government service. I just want to reiterate something that Senator Allard said, and I think he made it clear that he is not against your nomination per se. He is against a policy of the failure for them to bring an Inspector General forward. Is that correct?

Senator ALLARD. That is correct, Mr. Chairman.

Chairman SHELBY. Because this is important, and we have to deal with the Administration. Although we support the Administration, we do not always agree. And I think he made that clear.

Mr. Padilla, before his departure, former Under Secretary McCormick oversaw the drafting of a new control regime targeting military end-users in China. The intent is to eliminate licensing requirements for certified civilian end users while strengthening con-

trols when the exporter knows the items in question are destined for the military.

The Defense Department's latest report on the Chinese military emphasizes the PLA's increasing integration of the civil sector with the military procurement system. According to the report, "Under this scheme, the People's Liberation Army in China will acquire common and dual-use items on the market."

The report goes on to note that despite its divestiture of many of its business enterprises, the People's Liberation Army in China still directly controls as many as 10,000 civilian firms. This is not new to you or to us.

Given this, do you anticipate the Department being able to implement a system such as the one proposed, one intended to specifically target specific end users?

Mr. PADILLA. Yes, Mr. Chairman. I strongly support that policy that Under Secretary McCormick developed and worked interagency because I think it reflects our broader foreign policy toward China, which is to try to encourage legitimate civilian trade while hedging against the concerns about rapid military modernization. And as you said, China's military modernization has been growing at double-digit growth in real terms since 1996. The PLA is active in many sectors of the economy.

I remember when I was in the private sector at AT&T, it was sometimes difficult for us to know, even in a big company whether your customer had links to the military because of the internecine nature of the economy there. So, I think we can help exporters in a number of key ways.

First, I think we need to tell exporters more as Government who the trusted end-users are and who the suspect ones are. And this new rule will create the concept of a validated end-user where, if we have a good record of a customer selling only in the civilian sector and they are willing to open themselves up to inspection by U.S. Government officials on a periodic basis, then we are willing to allow them to have levels of technology under more expedited procedures.

But we also need, I think, a robust program of end-use checks in China. There is an end-use visit understanding with the Chinese that was signed in 2004. If confirmed, I would work to try to improve it and expand that program. And then I think we also need, Mr. Chairman, to cooperate more with the intelligence community, and that is why I mentioned this in my opening statement. We need to be able to know, as Government, and to tell exporters as much as we can, without revealing sensitive information, who the trusted and suspect customers are.

And then, finally, I hope we can give Chinese companies market-based incentives for good behavior. For example, if a Chinese company has a legitimate civilian record, they are willing to have U.S. Government officials visit them, then we give them a little bit better treatment. I am hoping that will be an incentive for more to sign up for such a program.

Chairman SHELBY. Mr. Padilla, controls on so-called "deemed exports" represent one of the more difficult areas to regulate and to enforce. You know all this from your background. Both the academic and scientific communities are, by nature, generally loath to

restrict the flow of information within those communities. You mentioned intelligence just a minute ago.

Mr. PADILLA. Yes.

Chairman SHELBY. That is a problem. Both the Government Accountability Office and the Commerce Department's Office of Inspector General have been highly critical of the Commerce Department's regulation of deemed exports.

For instance, the GAO, the Government Accountability Office, concluded that the Department lacks an effective monitoring program to determine whether firms comply with licensing conditions designed to protect sensitive information from disclosure to nationals from problematic countries.

In addition, both the GAO and the Inspector General have noted the recurring problem of licensing foreign nationals based upon current residency rather than country of origin. The Department of Commerce recently proposed reforms to the deemed export control process, as you know.

Could you comment on the status of these reforms? Can you assure this Committee that, if confirmed, you will give the admittedly very complicated, and sometimes very sensitive, issue of deemed export controls the attention it deserves?

Mr. PADILLA. Mr. Chairman, if confirmed, I anticipate this will be one of my highest priorities, for exactly the reasons you mentioned. There is a clear threat to technology, the loss of sensitive technology from foreign nationals in U.S. companies or U.S. academic institutions. The National Counterintelligence Executive has identified more than 100 countries that have sought to acquire sensitive or controlled U.S. technologies in this fashion.

At the same time, Mr. Chairman, as you said, our openness to foreign researchers is a critical element of our R&D competitiveness, and universities typically want to have as open an environment as possible.

The Secretary of Commerce has recently appointed a Deemed Exports Advisory Committee, co-chaired by former CIA Director Bob Gates. It has a number of former intelligence and military officials on it, as well as some business and academic people. I would, if confirmed, want to work closely with that Committee to look at this issue from an overall perspective and understand how we can better come to terms with it.

For example, we certainly know about the concern of Chinese researchers coming to the United States, but as we have seen, Mr. Chairman, in recent months sometimes people with passports from friendly countries can pose a threat. And we have seen concerns about terrorism in the United Kingdom and Canada.

Chairman SHELBY. Absolutely.

Mr. PADILLA. How do we deal with that aspect of the threat?

And so these are some of the questions that I would want to pose to this Committee and work with them and, of course, with the Congress as we seek to fashion a policy that addresses the clear threat that is there while maintaining our R&D competitiveness.

Chairman SHELBY. Mr. Padilla, as our experiences with Iran have illuminated, the United States sometimes takes a more proactive position with regard to economic sanctions than do other countries, including some of our allies. A major argument of those

who oppose unilateral controls is that American companies lose business opportunities to other countries that market similar items but exercise fewer controls.

A countervailing argument suggests that sometimes the United States has both a moral and practical obligation to block exports of sensitive items to certain destinations, irrespective of whether other countries follow suit.

Clearly, the United States needs to continue to work closely with other countries under existing multilateral export control regimes to ensure that problematic entities are deprived of certain capabilities.

Can you assure the Committee, however, that you will vigorously pursue controls when U.S. national security interests dictate that controls be in place irrespective of foreign cooperation?

Mr. PADILLA. Mr. Chairman, in my most recent time in the State Department, working for Deputy Secretary Zoellick, I had the opportunity to sit across the table in negotiations for the Darfur Peace Agreement with leaders of the Government of Sudan. And our export sanctions on Sudan are in some respects multilateral, but there are unilateral aspects to them.

And I saw with my own eyes, Mr. Chairman, how important those sanctions are as a tool of foreign policy. And as I said in my opening statement, there are clearly costs to imposing controls unilaterally.

What I would hope to do, if confirmed, is to have a good assessment of the costs and benefits so that we understand what the costs are before we undertake a policy decision. But simply the fact that there is a cost associated with it does not mean you do not do it. It may mean you decide to accept that cost for reasons of foreign policy, in the case of Sudan, or as a first step in leading international coalitions, as may become necessary with regard to other countries.

Chairman SHELBY. This will be my last question to you. Chemical and biological exports.

Mr. PADILLA. Yes, sir.

Chairman SHELBY. Application of dual-use export controls to prevent the proliferation of weapons of mass destruction and their means of delivery has been one of the Bureau of Industry and Security's most important missions. Even before September 11, keeping such weapons out of the hands of terrorists was a widely recognized national security imperative.

In its post-September 11 review, the Bureau identified controls on chemical and biological agents as a priority. Yet, according to a 2006 study by the General Accountability Office, GAO, the agency's watchlist did not include a large number of individuals and companies identified with past export control violations related to terrorist organizations and potential biological weapons.

One case that was detected and that resulted in a fine involved Marine Biological Laboratories, a Maine company charged with the unlicensed export of vaccines to Syria, a terrorist-supporting state. There is, however, every reason to believe that the control regime remains deficient in this crucial area.

If confirmed, can we be confident that this apparent shortcoming will be fully addressed, and quickly, by you?

Mr. PADILLA. If confirmed, yes, Mr. Chairman. I did read that report——

Chairman SHELBY. You will be confirmed, we want to assure you.

Mr. PADILLA. Thank you, Senator. I did read that GAO report and found it of great interest. I think the report found generally that the licensing system seems to be working well, but the GAO did identify this issue with regard to end-users, and that is why I highlighted this issue in my opening statement.

Mr. Chairman, when I was in the private sector, I worked at the time for AT&T, one of the largest corporations in the world. We wanted the Government to tell us more about who the trusted and suspect end-users were, because even a company with our vast resources, we were sometimes confronted with customers where we were not exactly sure. And we do not have a separate intelligence capability. You are relying usually on the local salesperson to give you information about who the customer is. And that is why I think it is important—certainly, companies have a responsibility to know their customers. That is not going to change. But I do believe Government has a responsibility, if we are going to regulate, to tell people more about who the good guys and the bad guys are. That is why I support this concept of a validated end-user. If we can identify trusted customers, great.

I also think we need to do more in telling people who the bad end-users are on the entity list, or who the entities are that are unverified, where there might be a red flag and perhaps some suspicious——

Chairman SHELBY. So you will be in a position to do that.

Mr. PADILLA. Yes, Mr. Chairman, if confirmed, I will. And that is why I highlighted in my statement that that would be one of my top priorities.

Chairman SHELBY. Thank you.

Mr. Rafiekian, if confirmed, you will assume—and I believe you will be confirmed. I am hoping we work out this snafu with Senator Allard and the Administration. But if confirmed, you will assume significant responsibilities. Hundreds of American exporters depend on the Export-Import Bank to provide financing that the private sector is unable to offer. As a result, the Export-Import Bank plays an important part in preserving the competitiveness of U.S. exports in world markets. How you fulfill your duties as a Board member of Ex-Im will, therefore, have a significant impact on scores of U.S. businesses, hence, our economy, as you well know.

Would you just discuss briefly how your unique background—and it is unique—has prepared you to serve as a Member of the Board of Directors of the Export-Import Bank?

Mr. RAFIEKIAN. Thank you, Senator.

Chairman SHELBY. Great experience and education.

Mr. RAFIEKIAN. I will bring my experience; if confirmed, I will use all that experience that I have gained in the private sector, first as a small business owner and operator, understanding the challenges of the small business. I will do my best, if confirmed, to aggressively serve the needs of small business in creating new jobs.

I will also bring my experience, if confirmed, to understand the importance of exports and understanding the relevance of new jobs as a result of U.S. companies exporting. While doing that, if con-

firmed, Senator, Mr. Chairman, I will also keep in mind the significance of the economic impact that the role of the Ex-Im Bank has in serving that purpose. And all of this experience will be dedicated, if confirmed, to those crucial goals. I am committed to that, Senator.

Chairman SHELBY. The Export-Import Bank is required by law to allocate 20 percent of its aggregate loan guarantee and insurance authority toward the financing of export by small businesses. Since this mandate was enacted, however, Ex-Im has never met that threshold of 20 percent.

Since you have a long history working in small business, I would like to know what actions you think that the Export-Import Bank should undertake to ensure that it meets the 20-percent threshold of working with small business here? In other words, will you be an advocate for the small business sector, which is our economic engine?

Mr. RAFIEKIAN. Mr. Chairman, I had the great honor of serving as a Commissioner of Economic Development in the State of California in some not-so-easy times for my home State, California, and I learned more about the challenges with small business during that period. I will bring that experience, if confirmed, to serve the needs of small business aggressively by specifically making sure that there is more connection between the Bank and the small business community; that the small business community is aware of all of the facilities that the Bank has to offer; staying closer to the business community, who at times, I observe, do not have the resources to even obtain the necessary information that helps them fulfill their business goals for growth and job creation.

If confirmed, Mr. Chairman, I will aggressively pursue that goal.

Chairman SHELBY. Thank you.

Senator Allard.

Senator ALLARD. Thank you, Mr. Chairman.

I just want to relate to Mr. Rafiekian that I sense a sense of pride in your accomplishments here in the United States as a new citizen. And I feel as strongly about it and I share your sense of pride. I am very delighted to see you be able to move on with more responsibility in this country. I think it speaks well for the system that we have here in this country where individuals can come in, no matter what their background or nationality, and become a citizen and become successful in our country.

So, I do not relish the idea that I have to put a hold on your nomination at this particular point—temporary in nature, I hope. We are now in communication with the White House and hopefully we can get this resolved and get moving forward with an Inspector General. As you can tell from my comments, I think the Inspector General is very important because they are the eyes and ears of the Members of the Congress, and they help us know how well an agency like the Export-Import Bank, is performing. It helps us detect waste, fraud, and abuse.

But there is another function. They also help foster efficiency in the Government, and maximum efficiency can only be achieved through a cooperative relationship, I think, between the agency and the Inspector General—in this case, the Export-Import Bank.

What relationship would you foresee with the Inspector General for the Export-Import Bank?

Mr. RAFIEKIAN. Senator Allard, I would like to thank you for giving me the distinct honor and the opportunity to visit with you yesterday. I know how busy you are, sir, and how important your schedule is. I really appreciate that opportunity.

Regarding the Inspector General position, as someone who has served in a regulated industry, the banking industry, I recognize the significance and the importance of that position and the service it provides not just to the Bank and its customers, not just to the shareholders and owners, but also in fostering a productive relationship between the oversight mechanism within our Government and the operators at the Bank, all in the service of the customers.

If confirmed, Senator, I will pursue, advocate, and do all that I can, together with colleagues, if confirmed, on the Board of the Bank, working with the Chairman, all those involved to advocate for this position, and I look forward to the opportunity to work very closely with the Inspector General, on transparency, providing information, and helping the Inspector General's Office be informed so that the relationship between the operation of the Bank and the oversight, including Congress, is maintained at the highest, most productive, most transparent level, sir.

As someone who has lived in the banking circles, sir, I follow a small but very clear motto for myself that principle always comes before interest. Without principle, there is no interest. I will follow that philosophy in working with the Inspector General, and I look forward to it.

Senator ALLARD. Thank you very much, and I appreciate your support for the Inspector General and his responsibilities when we get him in that place. You know, it is good to have somebody with your background on the board, and I am very pleased that you will be very supportive with the idea of an Inspector General at the Export-Import Bank.

You are a small business person. And I am a small business person. I am frustrated to some degree and I think you share that frustration that we do not do more for small business through the Export-Import Bank. I appreciate your response to the Chairman's question because I had the very same question, basically, that I was going to pose to you. I think you gave a very appropriate response to that.

I just wish you well. I think we will get our differences worked out between the White House and the Export-Import Bank. And then you will have an opportunity, I believe, to serve on that Board. I think you are the kind of individual that we need to serve on that Board, so I want to give you my support in the strongest terms once we get this issue resolved between the White House and ourselves and the Export-Import Bank.

Mr. Padilla, I served on the Intelligence Committee with my good friend and Chairman of this Committee, and I also share his concerns that we have a proper balance between the security issues and the free enterprise issues. I am a free trader, and so I am conflicted, I think like a lot of other people are. But I do believe that security has to be a prime, number one concern for this country.

And so I was heartened by your comments, and I just wish you well in that regard.

In 2001, Congress attempted to reauthorize the Export Administration Act but was unsuccessful in its attempt. In light of other related acts now pending, including a CFIUS reform bill and the Export-Import Bank Reauthorization Act, how important is it to revisit authorization of the Export Administration Act? And if so, what recommendations do you have to improve the Export Administration Act?

Mr. PADILLA. Senator, I think it is important that we have a clear legislative basis for our export control system. The statute expired in 1989 and has been renewed episodically since then. That statute is a Cold War statute. It reflects the threats that existed at the time that it was written, which were mainly focused on the countries of the Soviet Union and the Warsaw Pact. Now, the statute does not reflect the more recent threat of proliferation and terrorism.

I think also it is important for us as a country when we ask other countries, particularly emerging economies, to establish strong export control laws to prevent proliferation, that we have a strong basis ourselves. And, of course, also, Senator, it is important to be able to have a law in place so that my hopeful future colleagues in export enforcement can apply meaningful penalties for those who violate the law.

I know, Senator, the Administration has a longstanding view that the EAA needs to be modernized. I know that the Administration supported the bill in 2001. If confirmed, Senator, I would work within the Administration and with you, the Chairman, and members of your staff on modernization of the EAA.

Senator ALLARD. Thank you.

Mr. Chairman, that concludes any questions that I might have.

Chairman SHELBY. I just want to say on behalf of the Committee that we appreciate your willingness to serve. Mr. Padilla, your position is a very, very important position in Commerce, as you know.

Mr. PADILLA. Yes, sir.

Chairman SHELBY. You have got a brilliant academic record and great experience in the private sector.

Mr. PADILLA. Thank you.

Chairman SHELBY. Mr. Rafiekian, you bring a lot to the table, too. We are proud of your journey in life and where you are today, and we believe you will serve well on the Export-Import Bank Board, and we will try to move your nomination as soon as possible. Thank you a lot.

Mr. RAFIEKIAN. Thank you very much, Mr. Chairman.

Chairman SHELBY. The hearing is adjourned.

[Whereupon, at 10:55 a.m., the hearing was adjourned.]

[Biographical sketches of nominees supplied for the record follow:]

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: **Padilla** (Last) **Christopher** (First) **Alan** (Other)

Position to which nominated: **Assistant Secretary of Commerce for Export Administration**

Date of nomination: **July 14, 2006**

Date of birth: **07** (Day) **09** (Month) **1964** (Year) **Place of birth: Kansas City, MO**

Marital Status: Single (Divorced) **Full name of spouse:**

Name and ages of children:

Education:

Institution	Dates attended	Degrees received	Dates of degrees
Johns Hopkins School of Advanced International Studies	09/85-05/87	M.A.	05/87
Johns Hopkins University	09/82-05/86	B.A.	05/86
New Providence High School (NJ)	09/78-06/82	H.S. Diploma	06/82

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

- *Phi Beta Kappa, 05/86*
- *Pi Sigma Alpha, National Political Science Honor Society, 05/86*
- *Graduated with departmental honors from Johns Hopkins University, 05/86*
- *YMCA John F. Sly Service to Youth Award, 04/95*

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

Organization	Office held (if any)	Dates
Central Atlantic Area Council Of the National Council of YMCAs	President, Board of Trustees	1991-present (president since 1995)
Washington International Trade Association	Member, Board of Directors	1997-1999
Japan-America Society of DC	Member, Board of Trustees	1999-2002
Youth Service America	Member, Board of Directors	2000-2001
Summit Area YMCA		1982-1990
Cleveland Park Congregational Church		1998-present
Johns Hopkins University Alumni Association		1987-present

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

Dates	Employer	Title
08/05-present	U.S. Department of State 2201 C Street, NW Washington, DC 20520	Chief of Staff and Senior Advisor to the Deputy Secretary of State
10/02-08/05	Executive Office of the President Office of the U.S. Trade Representative 600 17th Street, NW Washington, DC 20508	Assistant United States Trade Representative for Intergovernmental Affairs and Public Liaison
05/97-10/02	Eastman Kodak Company 1250 H Street, NW Suite 800 Washington, DC 20005	Director, International Trade Relations
02/96-05/97	Lucent Technologies, Inc. 900 19th Street, NW Washington, DC 20006	International Public Affairs Vice President
09/90-02/96	AT&T 1120 20th Street, NW, Suite 1000 Washington, DC 20036	Director, Federal Government Affairs
06/87-09/90	AT&T 475 South Street Morristown, NJ 07060	Manager, International Business Development, 10/88-09/90 Market Planner, International Marketing, 06/87-10/88 Intern, 06/86-09/86

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

Dates	Employer	Title
08/05-present	U.S. Department of State 2201 C Street, NW Washington, DC 20520	Chief of Staff and Senior Advisor to the Deputy Secretary of State
10/02-08/05	Executive Office of the President Office of the U.S. Trade Representative 600 17th Street, NW Washington, DC 20508	Assistant United States Trade Representative for Intergovernmental Affairs and Public Liaison
1996-2000	U.S. Department of Commerce Bureau of Export Administration Washington, DC 20230	Member, President's Export Council Subcommittee On Export Administration
1998-2002	U.S. Department of Commerce And Office of the U.S. Trade Representative	Member, Industry Trade Advisory Committee on Chemicals and Allied Products
1997-1998	U.S. Department of Commerce And Office of the U.S. Trade Representative	Member, Industry Trade Advisory Committee on Electronics and Instrumentation

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

See Attachment A

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

Marshal, Bush-Cheney 2004

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

George W. Bush, February, April, and June, 2004; cumulative $2000
Republican National Committee, 09/04, 05/06; cumulative $500
Eastman Kodak Company, KODAPAC, $550, (through biweekly payroll deductions in calendar years 2000, 2001)

Potential conflicts of interest:

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

I am eligible to receive benefits under defined benefit pension plans from both Eastman Kodak Company and Lucent Technologies. The Kodak pension is in the form of a "cash balance" pension that I can roll over into an Individual Retirement Account at any time. The Lucent Technologies pension is a monthly payment that I am eligible receive on reaching age 65. Pursuant to an Ethics Agreement I executed on June 1, 2006 with the Department of Commerce, I will not participate personally and substantially in my official capacity in any particular matter that will have a direct and predictable effect on the ability or willingness of Eastman Kodak Company or Lucent Technologies to satisfy their financial obligations to me under the terms of the defined benefit pension plans held through these companies, unless I first obtain a waiver under 18 USC 208(b)(1).

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

On April 3, 2006, I recused myself from all matters at the Department of State related to the proposed merger of Lucent Technologies and Alcatel, because I learned that the Lucent Retirees Organization (LRO) may urge the U.S. government – possibly including the Committee on Foreign Investment in the United States (CFIUS) – to oppose this transaction due to concerns over the possible impact on Lucent pensions. Although I am not a member of the LRO, I am eligible to receive a Lucent deferred pension on reaching age 65. If confirmed, I would consult with Commerce ethics officials and continue this recusal during my service at the Department of Commerce.

Pursuant to an Ethics Agreement I executed on June 1, 2006, I will disqualify myself from participating personally and substantially in my official capacity in any particular matter that would have a direct and predictable effect on the Central Atlantic Area Council of the National Council of YMCAs, unless I first obtain a waiver under 18 USC 208(b)(1).

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

None.

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

From 1996-1997, I was employed as International Public Affairs VP for Lucent Technologies. From 1998-2002, I was employed as Director, International Trade Relations for Eastman Kodak Company. In these positions, my responsibilities included advocating the interests of Lucent and Kodak on legislative issues related to international trade, including normal trade relations with China, market access in Japan, legislation to renew the President's trade negotiating authority, congressional passage of free trade agreements, and the U.S.-EU dispute over the U.S. Foreign Sales Corporation tax laws.

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

I will consult with the Office of the General Counsel of the Department of Commerce and, if appropriate, divest myself of conflicting interests, recuse myself, or obtain a conflict of interest waiver under 18 USC 208(b)(1) if the interest is not substantial.

Civil, criminal and investigatory actions:

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

None.

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

None.

Christopher A. Padilla
Attachment A

Published Writings, Speeches, Articles

"The Case for DR-CAFTA", Remarks to San Antonio Free Trade Alliance, October 26, 2004, San Antonio, Texas, Christopher A. Padilla, Assistant U.S. Trade Representative For Intergovernmental Affairs and Public Liaison.

"Globalization and Outsourcing", Remarks to Center for Strategic and International Studies, March 10, 2004.

"A Tale of Two Economies", Remarks to Global Business Alliance of New England, March 4, 2004. Also delivered to Monterrey Congressional Forum on Trade Policy, Monterrey Institute of International Studies, January 8, 2004.

"U.S. Trade Policy in Latin America", Remarks to Forum Brasil, U.S. Chamber of Commerce, January 20, 2004.

"In Defense of Globalization", Remarks to the International Trade Association of Chicago, January 2003, Christopher A. Padilla, Assistant United States Trade Representative for Intergovernmental Affairs and Public Liaison.

> [The above speeches and published remarks – made as part of my duties at Assistant U.S. Trade Representative for Public Liaison – are available at: http://www.ustr.gov/Document_Library/USTR_Deputy_Speeches/]

"An Inside Look at United States Policy on Sudan", Podcast, Voices on Genocide Prevention Website, United States Holocaust Memorial Museum, April 6, 2006

"Market Access: What's at Stake", Paper presented at Symposium on the Doha Development Agenda, World Trade Organization, Geneva, April 29, 2002.

Howard Lewis and Christopher A. Padilla, *Export Controls for a Post-Cold War World* (Washington, D.C.: Economic Strategy Institute, 1993). This study is out of print. It was, however, summarized in testimony before the Senate Banking Committee:

> "Renewal of the Export Administration Act", Testimony by Christopher A. Padilla, Chairman, Export Controls Working Group of the National Association of Manufacturers, Subcommittee on International Finance and Monetary Policy, Committee on Banking, Housing and Urban Affairs, February 3, 1994.

"The Democrats and the American Dilemma", SAIS Review of International Affairs, Johns Hopkins University, Summer-Fall 1987, Volume 7, Number 2.

Christopher A. Padilla
Attachment B

Qualifications to Serve as Assistant Secretary of Commerce for Export Administration

I have more than fifteen years of experience working in international trade and economics, and have worked on export control policy both in the private sector and as a U.S. government official. This blend of experience has given me insights into U.S. export controls from two important perspectives: as an employee of a regulated high-technology company, and also as a U.S. government official working on security and foreign policy issues with China, North Korea, Sudan, and other controlled destinations.

At the State Department, I worked with Congress on sanctions policy toward Sudan, helped to formulate national security export control policy toward China, and witnessed first-hand how export controls are vital tools of U.S. nonproliferation and counterterrorism policy. From my years at AT&T and Lucent Technologies, I know from personal experience what is involved in applying for an export license, how export controls affect U.S. competitiveness, and how American companies work with the Commerce Department to implement internal control programs.

Of particular relevance to this position, I have extensive experience working with Congress on international trade and export control legislation. At USTR, my work on international trade legislation gave me a good understanding of the central role of the Congress in regulating foreign commerce and trade. In the private sector, I worked with Members of Congress on bipartisan legislation to renew the Export Administration Act, grappling with many of the issues that still face policymakers today.

Strong international and interagency cooperation is critical to making export controls most effective. I have experience working multilaterally to build support for U.S. trade and foreign policies, and have established good relationships with officials in many foreign governments. Having served in the Bush Administration since 2002, I also have good working relationships with the senior officials in the Departments of State and Defense, and at the National Security Council, who would be my principal counterparts in the interagency export control process should I be confirmed for this position.

Building broad public support for American engagement with the world is critical to our nation's success, and I have extensive experience discussing foreign and trade policies with the public. As a public official at State and USTR, I have actively reached out to explain U.S. policy and seek advice from a broad spectrum of business, labor, non-governmental, academic, and civil society groups.

I believe that my long-standing experience in this field qualifies me to serve as Assistant Secretary of Commerce for Export Administration.

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: **Rafiekian** (Last) **Bijan** (First) -------- (Other)

Position to which nominated: **Member, Board of Directors, Export Import Bank of the United States**

Date of nomination: July 20, 2006

Date of birth: January 15, 1952 (Day) (Month) (Year) **Place of birth: Tehran- Iran**

Marital Status: Married **Full name of spouse: Gissou Rafiekian**

Name and ages of children:

1- Beeta Christine Rafiekian, 18

2- Rana Alexandra Rafiekian 13

Education:

Institution	Dates attended	Degrees received	Dates of degrees
Brighton University Sussex, England School of Management	1978-1979	DMs.	June 1979

Please see attached personal and professional profile.

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

-Was admitted as a member of the British Institute of management. 1979
-Award of Honor, Who is Who Historical Society
- Recognition Award by California State University, Dominguez Hills
- Award of recognition by the Iranian American Republican Council
- Republican Presidential Order of Merit, recipient of the Legion of Merit Medal of the Republican Presidential Order of Merit.
- Honorary Aviator, United States Navy, U.S.S Constellation

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

Organization	Office held (if any)	Dates
1-Technet	member	1999-2004
2-World Affairs Council, Orange County	Trustee, Vice President (former)	1991-present
3-Iranian American Republican Council	National President	elected 3 times, 1995-2003 and 2004
4-American Foreign Policy Council	Senior Associate	2005-present
5-Center For the Promotion of Democracy and Human Rights	Board member	2005-2006
6-California Republican Party	member, executive committee	1995
7-Orange County Volunteer Center	Board member	1994-1995
8-California Center for Commercial Diplomacy	Executive Director	1997-1999

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

Employer name	*Position*	*Dates*	*Location*
1- Aeon Group LLC.	*Board member, COO*	*May 2005- present*	*Los Angeles*
2- Lenders Technology Inc.	*Chairman of the Board*	*September 1986-present*	*Orange County, CA*
3-Global Capital Markets Inc.	*Principal*	*1997-present*	*Orange County, CA*
4-Globtel Group of Companies	*President/Managing Director*	*2000-2004*	*San Diego, CA*
5-Stock 100 Inc.	*President, CEO*	*1999-2000*	*Orange County, CA*
6-NXIS, LLC.	*Chairman of the Board*	*1998-1999*	*Orange County, CA*
7-Orange County Business Council Credit Union	*Board member*	*1994-1995*	*Orange County, CA*
8-State of California Office of Foreign Investment	*Director*	*1995-1997*	*Sacramento, CA.*
9- State of California Housing Finance Agency	*Director*	*1998-1999*	*Sacramento, CA*
10- Shearson/American Express	*Vice President, Director*	*1984-1986*	*Newport Beach- N.Y.*
11- Great American Bank	*Assistant Vice President*	*1980-1984*	*San Diego, CA.*
12- California Industrial Relations Institute	*Co-founder/senior advisor*	*2004-2005*	*Orange County, CA*
13- USEXIM LLC.	*Board member*	*(dissolved 2004)*	*Los Angeles*
14-National Asset Resources Inc.	*Chairman of the Board*	*1989-1990*	*Orange County, CA*
15- California State University Fullerton	*Adjunct Professor, Finance*	*1991-1993*	*Orange County, CA*
16-California Center for Commercial Diplomacy at California State University, Dominguez Hills	*Executive Director*	*1997-1999*	*Orange County, CA.*

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

1-State of California Office of Foreign Investment	*Director*	*1995-1997*	*Sacramento, CA.*
2-State of California Housing Finance Agency	*Director*	*1998-1999*	*Sacramento, CA*
3- State of California Governor's Economic Development Advisory Council	*member*	*1994-1995*	*Sacramento, CA*
4-United States Small Business Administration, National Advisory Council	*member*	*2006-present*	*Washington DC*

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

1- Academic (course material) titles Risk and Capital at California State University, Fullerton.
2- Various articles and speeches on political campaigns (Bush Cheney 2000) and Bush Cheney 04.
3- Various speeches on foreign trade, risk and capital.

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

1- Bush/Cheney 2000: Orange County Volunteer Chairman
2- Bush/Cheney 04: Co-Vice Chairman, State of California
3- Bush/Cheney 04: Member, State of California Steering Committee
4- Governor Pete Wilson Senatorial Campaign
5- Governor Pete Wilson Gubernatorial Campaign
6- Iranian American Republican Council (A chartered Organization of the Republican Party) Elected National President three times, 1995-2003 and 2004.

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

1- President George W. Bush, $2000, 6-30-2003
2- George W. Bush for President $1000, 6/30/1999
3- President George W. Bush, $2000, 2004
4- Congressman Sensenbrenner, $500.00 . 9-28-2004
5- Dr. Phil Kurzner, $250, 2004
6- Bush Cheney 04, $500, 2004
7- California Republican Party, $65, 2003

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

30 Years of business, academia and government work experience in finance and banking.
Please see attached personal and professional profile.

Future employment relationships:

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

   Yes. I have executed an ethics agreement to this effect.

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

I do not have any such plans.

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

No.

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

Yes. I plan to do so.

Potential conflicts of interest:

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

I have no financial arangements, deffered compensation agreements or other continuing dealings with business associates, clients or customers who will be affected by policies which I will influence in the position to which I have been nominated.

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

-My spouse's retirement 401 K plan includes investments in the common stock of Wachovia Bank. In my Ethics Agreement, to avoid any appearance of conflict of interest, I have agreed to abstain from discussions or voting on matters relating to Wachovia Bank which may come before the EXIM bank board. I have no other investments, obligations, liabilities or other relationships which might involve potential conflict of interest with the position to which I have been nominated.

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

-To the best of my knowledge, I have had no business relationship, dealing or financial transaction which might in any way constitute or result in a possible conflict of interest with the position to which I have been nominated.

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

I have not conducted any lobbying activity.

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

I shall abide by the provisions of the law, my ethics agreement and the any regulations governing the conduct of the position to which I have been nominated.

Civil, criminal and investigatory actions:

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

None.

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

None.

BIJAN R. KIAN
(RAFIEKIAN)
PERSONAL, PROFESSIONAL AND POLITICAL PROFILE

MEMBER
TECHNET
SINCE 1999

PRESIDENT
GLOBTEL GROUP OF COMPANIES
DECEMBER 2000- 2004

CHAIRMAN
LENDERS TECHNOLOGY INC.
WWW.LENDRSTECHNOLOGY.COM
1986- PRESENT

PRINCIPAL
GLOBAL CAPITAL MARKETS, INC.
WWW.GLOBALCAPITALMARKETS.COM
1997-PRESENT

PRINCIPAL
Aeon Group LLc.

DIRECTOR
STATE OF CALIFORNIA
OFFICE OF FOREIGN INVESTMENT
1995-1997

BOARD MEMBER
STATE OF CALIFORNIA HOUSING FINANCE AGENCY
1998-1999

COMMISSIONER/MEMBER
STATE OF CALIFORNIA ECONOMIC DEVELOPMENT ADVISORY COUNCIL
1994-1996

CO-VICE CHAIRMAN, STATE OF CALIFORNIA
BUSH-CHENEY 04

PRESIDENT
NATIONAL ORGANIZATION
IRANIAN AMERICAN REPUBLICAN COUNCIL
A chartered organization of the Republican Party
(Elected in 1995, 2003 and 2004)

Senior Associate
American Foreign Policy Council
Washington DC

SUMMARY:

BIJAN KIAN IS THE FORMER DIRECTOR OF STATE OF CALIFORNIA OFFICE OF FOREIGN INVESTMENT, FORMER MEMBER OF THE STATE OF CALIFORNIA GOVERNOR'S ECONOMIC DEVELOPMENT ADVISORY COUNCIL AND FORMER BOARD MEMBER OF THE STATE OF CALIFORNIA HOUSING FINANCE AGENCY. HE IS AN INTERNATIONALLY RECOGNIZED PROFESSIONAL BANKER, BUSINESS EXECUTIVE AND EDUCATOR WITH OVER 25 YEARS OF EXPERIENCE IN TRANSACTIONAL AND OPERATIONAL AREAS OF DOMESTIC AND INTERNATIONAL BANKING. BIJAN HAS SERVED IN SENIOR EXECUTIVE ROLES IN CORPORATE PLANNING, FINANCE AND OPERATIONS.

Board of Directors membership

1998- Present
Chairman of the Board of Directors
Lenders Technology Inc. www.lenderstechnology.com

1994-1995
Business Council Credit Union, Orange County California
Member of the Board of Directors

1998-2000
State of California Housing Finance Agency
Member of the Board of Directors

Present
Aeon Group LLC.
Member of the Board of Directors
Chief Operating Officer

Experience

2000-2004
Globtel Group of Companies
President

1997-Present
Principal
Global Capital Markets, Inc.

1995-1997
Director
State of California Office of Foreign Investment

Bijan R. Kian (Rafiekian)

1994-1995
Member
State of California Governor's Economic Development Advisory Council

1986- 1994
Managing Director
Lenders Technology Inc. www.lenderstechnology.com

1985-1986
Vice President , Director of Planning
Shearson/American Express Mortgage Corporation

1980-1985
Assistant Vice President, Lending
Great American Savings Bank, San Diego, California

Academic

1991-1993
Adjunct Professor/lecturer, Finance
California State University, Fullerton

1997-1999
Director
California Center for Commercial Diplomacy
California State University, Dominguez Hills

Civic

1988- Present
Member, Board of Trustees
World Affairs Council, Orange County, California

1995
Greater Orange County Volunteer Center

Political

President, National Organization, Iranian American Republican Council (Chartered organization of the Republican Party)
Elected in 1995- 2003 and 2004

Volunteer chairman
Bush-Cheney 2000
Orange County, California

Co-Vice Chairman (member of State Steering Committee)

Bush- Cheny04
State of California

Bijan R. Kian
Page three

Education

1979
Brighton University, Sussex England
Post Graduate Diploma in Management Studies

1972
Tehran Industrial College
School of engineering

As Director of the State of California Office of Foreign Investment in the Administration of Governor Pete Wilson , Bijan R. Kian is the first Iranian American in the history of the Iranian Immigration to The United States to have been appointed or elected to direct Statewide Office.

He was first appointed and commissioned by Governor Wilson on March 25, 1994 as a member of the State of California Economic Development Advisory Council. In that role, he advised the Governor on formulation and implementation of economic development strategies for the State of California led by the Governor and the legislature which resulted in the great recovery of the State from its worst recession in 30 years and addition of over 500,000 new jobs to the state's economy. He was re-appointed to that post in 1995.

His ability to work effectively with business leaders and legislators combined with his performance in that role earned him his third appointment in 1995. Governor Wilson appointed him to head the State of California's Office of Foreign Investment, the state's leading office for attraction, retention and expansion of foreign direct investment with the largest portfolio of foreign investment ($86 billion) in United States and global operations with offices in London, Frankfurt, Mexico City, Tokyo, Taipei, Seoul, Hong Kong, Jakarta, Jerusalem and Johannesburg.

Under his direction, California's portfolio of foreign investment grew from $86 billion in 1995 to $92 billion in 1997. As the head of foreign investment for the world's sixth largest economy, he represented California Government on all matters relating to foreign direct investment with foreign governments, their consular corps and the heads of the largest corporations in Europe, Asia, Africa and the Americas.

After his return to private sector, he received his fourth appointment in State Government. Governor Wilson appointed him to serve as a member of the State of California Housing Finance Agency overseeing the operation of the State's $7.5 billion five year housing plan. He served in that role until the change of Administration in January 1999.

Bijan R. Kian
Personal and Professional Profile
Page Two

Bijan R. Kian is an internationally recognized banker, businessman, educator and community leader. Formerly, he served as vice president and director of planning for Shearson/American Express responsible for nationwide operation in 38 states and Senior Division Officer for Great American First Savings Bank, a $16 billion financial institution in California, and a member of the board of directors of Business Council Credit Union in Orange County. Bijan began his career in banking and finance in 1972 with increased responsibility and executive role in the areas of project finance, trade finance, corporate finance as well as consumer and housing finance.

He is co-founder and chairman of Lenders Technology, Inc., a California bank consulting and advisory firm established in 1986, a principal at the investment banking firm of Global Capital Markets Inc., a west coast investment banking and mergers and Acquisitions firm and former President and CEO of STOCK100, a unique financial engineering and risk management company.

Since his return to private sector, he has served as an advisor to economic development organizations in Europe and Asia. In academia, he served as the Executive Director of California Center for Commercial Diplomacy at California State University, Dominguez Hills and has served as an adjunct professor of finance at California State University, Fullerton.

He is the president of the National Organization of the Iranian American Republican Council, a chartered organization of the Republican Party with over 2000 members and associates from chapters in California, New York, Texas, Colorado, Oregon and Washington DC.

He has served as a member of the board of trustees of the World Affairs Council of Orange County since 1991and is a former vice

president of the Council, a foreign policy educational forum with over 1800 members comprised of business and community leaders in Orange County, California.

He is also a member of Technet, a national network of CEO's and Presidents of the nation's leading technology companies. TechNet's mission is to build bipartisan support for policies that strengthen America's leadership of the New Economy.

Bijan is a graduate of Brighton University in Sussex, England where he received his post graduate degree (with Honors) in management and economics and was admitted as a member of the British Institute of Management in 1979.

As a Republican volunteer, he has served in three presidential, two Senatorial and two gubernatorial and other various congressional, state and local Republican campaigns. In 1995, he served as a member of the executive committee of the California Republican Party as well as a member of the Congressional Target and Finance Committees of CRP.

He served as a surrogate speaker for Governor Wilson on his gubernatorial and presidential campaigns. In that role, he took the Governor's message on economic development, taxation, regulation, legislative reforms and foreign investment to the business community in California and around the globe.

Bijan writes and speaks frequently on foreign policy issues and public diplomacy tools relating to the Middle East and particularly, Iran. Over the past 25 years, Bijan has been one of the most politically active members of the Iranian American community within the Republican Party in the United States.

He served the Honorable George W. Bush's campaign for President since June 29, 1999 and had the distinct honor of serving as the volunteer Chairman of Bush-Cheney 2000 campaign in Orange County, California. In that role, working closely with the Republican Party of Orange County and Victory 2000, he managed the volunteer activities in five Congressional Districts in Orange County. He spoke on behalf of the campaign at pre-primary events in Orange County, California sponsored by the Arab American Institute, Republican Women Federated Clubs and other campaign events sponsored by

Hispanic, Asian and Iranian American Republican Clubs. He had the honor of taking the President George W. Bush's education message to ethnic communities through various interviews by radio and television stations in Los Angeles and Orange Counties. In 2004, he was once again given the honor of serving as the Co-Vice Chairman and a member of the State steering committee for Bush-Cheney04 in the State of California.

Bijan served as president of GLOBTEL, an international telecommunications engineering, design, implementation and management company based in San Diego, California. Bijan, his wife Gissou, and their two daughters, Christine and Alexandra live in San Juan Capistrano, California.

References:

- The Honorable Chairman Christopher Cox
- The Honorable Congressman Ed Royce
- The Honorable Senator Norm Coleman

28322 Via Fernando, San Juan Capistrano, California 92675
(949) 495-1069
(858) 449-8997
bijanrkian@cox.net