

**NOMINATIONS OF DR. LAEL BRAINARD,  
MARY JOHN MILLER, AND CHARLES COLLYNS**

---

---

**HEARING**

BEFORE THE

**COMMITTEE ON FINANCE**

**UNITED STATES SENATE**

**ONE HUNDRED ELEVENTH CONGRESS**

FIRST SESSION

ON THE

NOMINATIONS OF

DR. LAEL BRAINARD, TO BE UNDER SECRETARY OF THE TREASURY  
FOR INTERNATIONAL AFFAIRS; MARY JOHN MILLER, TO BE ASSISTANT  
SECRETARY OF THE TREASURY FOR FINANCIAL MARKETS; AND  
CHARLES COLLYNS, TO BE ASSISTANT SECRETARY OF THE TREASURY  
FOR INTERNATIONAL FINANCE

NOVEMBER 20, 2009



Printed for the use of the Committee on Finance

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 2009

65-934—PDF

For sale by the Superintendent of Documents, U.S. Government Printing Office  
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800  
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

COMMITTEE ON FINANCE

MAX BAUCUS, Montana, *Chairman*

JOHN D. ROCKEFELLER IV, West Virginia	CHUCK GRASSLEY, Iowa
KENT CONRAD, North Dakota	ORRIN G. HATCH, Utah
JEFF BINGAMAN, New Mexico	OLYMPIA J. SNOWE, Maine
JOHN F. KERRY, Massachusetts	JON KYL, Arizona
BLANCHE L. LINCOLN, Arkansas	JIM BUNNING, Kentucky
RON WYDEN, Oregon	MIKE CRAPO, Idaho
CHARLES E. SCHUMER, New York	PAT ROBERTS, Kansas
DEBBIE STABENOW, Michigan	JOHN ENSIGN, Nevada
MARIA CANTWELL, Washington	MICHAEL B. ENZI, Wyoming
BILL NELSON, Florida	JOHN CORNYN, Texas
ROBERT MENENDEZ, New Jersey	
THOMAS R. CARPER, Delaware	

RUSSELL SULLIVAN, *Staff Director*

KOLAN DAVIS, *Republican Staff Director and Chief Counsel*

# CONTENTS

## OPENING STATEMENTS

	Page
Conrad, Hon. Kent, a U.S. Senator from North Dakota .....	1
Grassley, Hon. Chuck, a U.S. Senator from Iowa .....	3

## ADMINISTRATION NOMINEES

Brainard, Dr. Lael, nominated to be Under Secretary of the Treasury for International Affairs, Department of the Treasury, Washington, DC .....	6
Miller, Mary John, nominated to be Assistant Secretary of the Treasury for Financial Markets, Department of the Treasury, Washington, DC .....	8
Collins, Charles, nominated to be Assistant Secretary of the Treasury for International Finance, Department of the Treasury, Washington, DC .....	9

## ALPHABETICAL LISTING AND APPENDIX MATERIAL

Baucus, Hon. Max:	
Prepared statement .....	19
Brainard, Dr. Lael:	
Testimony .....	6
Prepared statement .....	21
Biographical information .....	23
Responses to questions from committee members .....	36
Collins, Charles:	
Testimony .....	9
Prepared statement .....	60
Biographical information .....	62
Responses to questions from Senator Bunning .....	71
Conrad, Hon. Kent:	
Opening statement .....	1
Grassley, Hon. Chuck:	
Opening statement .....	3
Prepared statement with attachments .....	75
Kerry, Hon. John F.:	
Prepared statement .....	98
Miller, Mary John:	
Testimony .....	8
Prepared statement .....	99
Biographical information .....	101
Response to a question from Senator Carper .....	110



**NOMINATIONS OF DR. LAEL BRAINARD,  
TO BE UNDER SECRETARY OF THE  
TREASURY FOR INTERNATIONAL AFFAIRS;  
MARY JOHN MILLER, TO BE ASSISTANT  
SECRETARY OF THE TREASURY  
FOR FINANCIAL MARKETS; AND  
CHARLES COLLYNS, TO BE ASSISTANT  
SECRETARY OF THE TREASURY  
FOR INTERNATIONAL FINANCE**

---

**FRIDAY, NOVEMBER 20, 2009**

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

The hearing was convened, pursuant to notice, at 10:04 a.m., in room SD-215, Dirksen Senate Office Building, Hon. Kent Conrad (acting chairman of the committee) presiding.

Present: Senators Bingaman, Wyden, Cantwell, Menendez, Carper, Grassley, Hatch, Snowe, Crapo, and Enzi.

Also present: Democratic Staff: Bill Dauster, Deputy Staff Director and General Counsel; Amber Cottle, Chief International Trade Counsel; Ayesha Khanna, International Trade Counsel; and Mary Baker, Detailee. Republican Staff: Kolan Davis, Staff Director and Chief Counsel; and Nick Wyatt, Tax and Nomination Professional Staff Member.

**OPENING STATEMENT OF HON. KENT CONRAD,  
A U.S. SENATOR FROM NORTH DAKOTA**

Senator CONRAD. The hearing will come to order.

Let me begin by saying, Chairman Baucus could not be with us this morning because he is with his mother, who is ill, in Montana. We want to send our best, from all the members of the committee, to Senator Baucus and his mother, and we are hoping for her swift recovery. We are looking forward to the time that Senator Baucus comes back to resume the chairmanship of this committee.

We have a hearing this morning for a number of nominees, and we will get to that momentarily. I am going to make a brief opening statement, and then Senator Grassley will have an opening statement. At some point, I want to alert people who are here and people who are perhaps listening that, if we are able to achieve a quorum, we will break from this proceeding in order to approve nominees that have previously been heard. So, no one take offense

if we interrupt this proceeding, once we achieve a quorum, if we are able to do that, so that we are able to take action on previous nominees.

I would like to just begin with a brief opening statement. We have, today, experienced the worst global economic crisis most of us can remember. It has had a profound effect on this country's fiscal health, both long-term and short-term.

I want to remind everyone of the dramatic deterioration we have seen in our Nation's budget picture. The final deficit total in 2009 was \$1.4 trillion—not million, not billion, but trillion. That should sober us all, \$1.4 trillion.

Looking over the next 10 years, we see a sea of red ink. The deficits have led to an explosion of debt. Under the 10-year outlook I just described, gross Federal debt would rise to more than 114 percent of Gross Domestic Product by 2019. That is approaching the record 121 percent of GDP that was reached at the end of World War II.

We need to remember that to finance these deficits and debt we are becoming increasingly indebted to foreign nations. Last year, 68 percent of our debt was financed by foreign entities. Here is the latest tally of the top 10 foreign holders of our national debt: we now owe China almost \$800 billion; we owe Japan \$731 billion, and on and on it goes.

We also have an outdated and inefficient tax system that is in desperate need of reform. It is hurting U.S. competitiveness because it was designed at a time when a global business focus was the exception, not the rule. We hemorrhage revenue through the tax gap, offshore tax havens, and abusive tax shelters. The Alternative Minimum Tax continues to threaten middle-income taxpayers. Our long-term fiscal imbalance must be addressed. Simplification and reform will keep rates low.

We have before us three Treasury nominees whom President Obama has chosen to serve this country. Each of you will have the opportunity to help remedy the dire situation I have just outlined. Your success will be crucial to all Americans. As you approach your tasks, you have to take into consideration all that has gone wrong with the American economy, and in doing so you can help us work together to find ways to strengthen our economic recovery. I know all of you understand what a challenging task this will be.

Dr. Brainard, you have been nominated to be Under Secretary of International Affairs at the Treasury Department. You previously served as vice president and director of the global economy and development program at the Brookings Institution. Before that, you were the Deputy National Economic Advisor during the Clinton administration, where you worked on global economic issues such as the Asian financial crisis and China's WTO entry. Your experience will be an enormous asset as you work with our G-20 and other international partners to address the global financial crisis.

You will be coordinating with USTR and other U.S. agencies to open key Asian and other markets for U.S. exporters. The Senate will expect you to keep in mind the competitiveness of American businesses and American workers.

I must take a moment to comment on this committee's rigorous vetting process. It is troubling that the staff found some discrep-

ancies in the information that you submitted. No one disputes your talents on economic and financial issues, and you have a reputation for honesty and integrity. In fact, I have heard from people all across the country, attesting to your honesty and integrity. So it is unfortunate that it took some period to get full and complete information on these relatively minor tax problems.

I know the ranking member and the chairman share that view. The chairman, the ranking member, and all of us on this committee take very seriously the duty to pay taxes in full. From this review, it is clear that there were a number of late payments on your State and local taxes. With that said, however, all taxes were paid in full, with interest and penalties. This is a matter that each member has to make a judgment on.

Mr. Collins, you have been nominated to be the Assistant Secretary of the Treasury for International Finance. You spent close to 30 years at the International Monetary Fund in a variety of roles. You have examined monetary and economic policies in key regions of the world, including Asia and the western hemisphere, and you have examined exchange and trade relations among nations.

Your experience will serve the American people well as you deal with monetary and economic issues around the world and, I might add, at an especially challenging time. You will work with our international economic partners to address key economic issues, and you will guide and advise Dr. Brainard as she discharges her important duties.

Ms. Miller, you have been nominated to be the Assistant Secretary of the Treasury for Financial Markets. For almost 30 years, you worked in various capacities at the T. Rowe Price group in Baltimore. This experience gave you key insights into fixed income, asset allocation, and other key finance and investment issues. Your experience will be very valuable as you take responsibility for Treasury matters relating to domestic finance, again, at a very challenging time.

Congress and the administration will need expertise like yours to find ways to address the Federal debt. As American businesses and families continue to navigate the economic recovery, you can make a significant contribution in developing responsible Federal credit policies. We look forward to meeting you and your families, and hearing your statements.

At this time I will turn to the distinguished ranking member of this committee, Senator Grassley, for his comments.

**OPENING STATEMENT OF HON. CHUCK GRASSLEY,  
A U.S. SENATOR FROM IOWA**

Senator GRASSLEY. Thank you, Senator, Chairman, and congratulations to all of you who have been nominated.

The nominees we will hear from today deal with different, but important, policy areas within Treasury. As Assistant Secretary for Financial Markets, Ms. Mary Miller's portfolio would include the Federal debt and Federal Government credit policies. Given the likelihood that the administration will need to increase the Federal debt limit, it is important that we get a handle on the deficit and how to fund it.

Mr. Charles Collyns, if confirmed as Assistant Secretary, would report to the Under Secretary for International Affairs, which is the third position we will examine today. These positions are crucial for advising the Treasury Secretary and assisting to develop international policy pertaining to international monetary affairs, trade policy, international debt strategy, and other policy areas. Ideally, the Under Secretary for International Affairs will have an eye for detail and the personal integrity to represent our Nation well in dealings around the world.

In what seems to be a frequent occurrence for the current administration, in this nomination hearing the Finance Committee will also be examining issues discovered during the committee's due diligence and vetting process. Over the course of the past several months, majority and minority staff have been examining a series of issues pertaining to Lael Brainard, nominated to be Under Secretary of International Affairs for the Treasury Department.

On Wednesday of this week, a memo with attachments was released that details those issues that the chairman and myself felt obligated to disclose to the whole committee, and the public. I do not intend to examine each of those issues in detail at this time, but I ask unanimous consent that the memo, with attachments, be printed in the record of the hearing.

Senator CONRAD. Without objection, Senator Grassley.

[The memo, with attachments, appears in the appendix on p. 78.]

Senator GRASSLEY. I want to again state that the investigation of Dr. Brainard was consistent with longstanding committee practices. Every nominee who passes through this committee undergoes a tax vetting, but it is not a tax audit that the IRS would conduct. The purpose of the committee vetting process is not to slow down the nomination process, and is not to deliberately look for problems.

Although the process for vetting Finance Committee nominees has remained the same for the nearly 9 years I have been either chairman or ranking member, the bar has definitely been lowered with this administration's nominees in regard to tax compliance. Starting with Secretary Geithner's \$48,000 tax problem, we have seen a growing list of nominees who have had problems paying taxes, paying them on time, using creditable valuations for deductions, and accepting responsibility for all of the above.

Prior to this administration, we had never seen nominees with over \$100,000 tax problems or the inability to accurately respond to committee questionnaires multiple times, or the lack of straight answers from nominees. What most people do not understand is that there were a number of Bush nominees with lesser tax-related problems than some of the ones we have seen this year who never even made it out of this committee. Most of them never even got a hearing. But of course, you did not hear about it because we were all obligated not to talk about it. Because that information is confidential and we play by the rules here, you will not hear about it in detail now.

At times, we offered to let the nominees go forward if they were willing to make all the facts public, but in each of those cases I told the Bush administration that I would not defend that nominee's actions, and not one of them moved forward. Now, there was one



instance where I was willing to move forward, but I said I was not going to defend that nomination on the floor. But the other side was not willing to go forward, so that nominee did not move.

More ominously, we have seen what I believe to be political operatives from outside the Senate leak what had been considered confidential information in the past. It is almost as if some of these nominations have taken on a political campaign. What has really gotten ugly is the fact that these political operatives are targeting our committee staffs, putting disinformation out to the public.

I saw one of the administration lawyers who helped with one of the early nominations this year quoted in the press recently, saying our process is out of control and that it amounts to an IRS audit. Well, that person is not in a position to know all of the facts associated with nominees and potential nominees over the last 9 years. That critic cannot, and does not, have access to those files and has no history with this process in the last decade. He just does not even know what he is talking about.

The fact of the matter is, I am concerned about what has been going on this year. Anyone watching this process closely now knows that a nominee can get away with not paying taxes, or consistently pay them months late, or not follow normal procedures, and still be confirmed. All they have to do is blame it on their incompetent accountant, some spouse, or computer software or hardware. Compliance with tax law should not be a political issue, but in the current climate it seems as if the law applies to different people in different ways. So I am shocked at the attitude that has been shown by some when these issues come to light.

Being nominated to a powerful position by the President is not an award, and it does not entitle anyone to special treatment. Rather, I would hope that presidential nominees would feel some sense of honor with regard to their own behavior and would see themselves as, at the very least, bound by the same legal obligations as their fellow citizens who are not as powerful or as well-connected.

We do not need anyone so badly in the Federal Government that we allow them to live by their own set of rules. I am laying this all out on the table now because, given what is now going on, I am not sure it is worth our time, or our staff's time, to even be asking these questions anymore. It just hasn't mattered, except in one case this year where a nominee voluntarily withdrew, even after nearly all of the majority side publicly said all was forgiven and they should be confirmed.

One committee member was particularly critical of the bipartisan staff's vetting work the other day. I would say to that member, or any other critics: do you think vetting nominees for public policy positions dealing with the taxpayers' hard-earned money should be superficial, or should we simply, like the matador, say "olé" and not examine nominees' financial statements or tax returns? Is that the appropriate way to go?

So the chairman is not here right now due to the sad situation regarding his mother that has already been referred to, but I intend to discuss the whole process with him going forward.

Thank you, Mr. Chairman.

Senator CONRAD. Thanks to you, Senator Grassley.

Now we will proceed to the nominees. Welcome to the committee. We will start with Dr. Brainard. Before you begin, I understand you have family members with you. Maybe we could ask your family members to stand and you could introduce them to the committee.

Dr. BRAINARD. Thank you very much, Mr. Chairman and Ranking Member Grassley. I would like to introduce today my husband, Kurt Campbell; two of my three daughters—my baby girl, Coco, is at home—but this is Caelan Campbell and Ciara Campbell; my mother, Joanne Brainard; and my father, Al Brainard. Thank you.

Senator CONRAD. Thank you.

Why don't you proceed with your statement, and then we will go to Ms. Miller and Mr. Collyns.

Dr. Brainard?

**STATEMENT OF DR. LAEL BRAINARD, NOMINATED TO BE UNDER SECRETARY OF THE TREASURY FOR INTERNATIONAL AFFAIRS, DEPARTMENT OF THE TREASURY, WASHINGTON, DC**

Dr. BRAINARD. Well, thank you very much, Mr. Chairman and Ranking Member Grassley, distinguished members of the committee. I am very honored and appreciate the opportunity to appear before you today as you consider my nomination for Treasury Under Secretary for International Affairs. I am glad I got a chance to introduce my family. As you know well, these are tough jobs, and it really requires the entire family to support people in them. So, I am very grateful to my family, to my entire family, for their support throughout this process.

I agree very much with the chairman, that we are facing perhaps the greatest economic test of our generation. It is one that I would be very honored to have a chance to make a small contribution to in terms of the way that America positions itself to compete and to lead in the international economy.

This is something that goes back to, really, my youngest days. I grew up overseas. I grew up living mostly behind and along the Iron Curtain. Many children, I think, are told to mind their manners. In my house, it was always followed by the admonition, "Don't forget, you're representing America." That is something that I took very much to heart. I do not think it improved my manners, but it is very much something that I take great pride in.

I have worked, in my entire career, on America's competitiveness and America's position in the global economy. I worked years ago for McKenzie, consulting with clients at a time one of the Big Three car companies was challenged by Asian competitors and looking for a strategy to reposition itself. I worked for American banks who were trying to position themselves in an increasingly competitive environment.

Following that, I went on to spend several years teaching students at MIT, both about America's competitiveness, but also about the very difficult challenges of helping Americans, buffeted by the bracing winds of global competition, to compete effectively, and the policies that that would require.

If confirmed, this would be my third time in public service. It is a very proud tradition in my family, on both sides of my family.

My father served in the Army, and then for many years as a diplomat. My husband, as you know, is currently serving in the administration. I served, 20 years ago at the time of the fall of the Berlin Wall, on the transition in Eastern Europe. I served, working on the Structural Impediments Initiative with Japan, something that has echoes today with China. I served, first as a White House fellow, and then in the White House for many years during the Mexican financial crisis, during the Asian financial crisis, and working a lot with China on its trading relationship.

Since I left public service, the world has changed a great deal. It is a moment of great challenge, and we have to navigate a greatly changed global economic landscape. The global economy is coming back slowly and haltingly from the most severe and synchronized crisis we have seen probably in this generation. Financial markets have stabilized, and we have seen the first signs of growth, but unemployment is unacceptably high. Too many Americans wake up every day without a paycheck, wondering how to pay their bills, and that is the challenge that we all face.

My job, if I were to be confirmed, would be to focus on how the global economic environment can contribute to good jobs here at home. It is absolutely critical, as we rebalance, that we get this economy on a more sustainable path going forward, a more balanced global path, and that will mean selling into Asian markets. That will mean convincing Asian economies that they no longer can rely on the U.S. consumer and U.S. demand for their growth, but rather have to generate demand and welcome our goods and services.

I hope very much to have a chance to advance President Obama's agenda and Secretary Geithner's agenda of restarting the great American engine of growth and reasserting U.S. leadership in the global economy. If confirmed, I would be honored to work with members of this committee, engaging in those priorities which I know are central to all of you.

Thank you, Mr. Chairman, thank you, Senator Grassley, and distinguished members of the committee.

Senator CONRAD. Thank you, Dr. Brainard.

[The prepared statement of Dr. Brainard appears in the appendix.]

Senator CONRAD. Next, Ms. Miller. Ms. Miller, who has been nominated to be Assistant Secretary of the Treasury, also has family members with her. We would ask them to stand and be recognized by the committee, and welcomed. If you could introduce your family members.

Ms. MILLER. Thank you very much, Chairman Conrad. I realize our time is short, so I would just like to briefly mention my father, James John, a professor of History at Cornell University for now over 40 years; my husband of nearly 30 years, James Dabney Miller; and my oldest son, Thomas Marshall Miller, who is now a graduate student in Classics at Princeton. My younger son, James John Miller, could not be here today, as he is performing in the production of "Romeo and Juliet" this evening at Cornell.

I would also like to mention my brother, James John, who has worked at the Treasury and now at the IMF; my nephew, Paul Franz Testa, who also works in Washington; and last, my uncle,

Harry John, who served in World War II and for many years worked at the National Archives here in Washington. I thank all of them for the support they have provided me.

Senator CONRAD. And welcome to the Finance Committee. Why don't you proceed, Ms. Miller, with your statement?

**STATEMENT OF MARY JOHN MILLER, NOMINATED TO BE ASSISTANT SECRETARY OF THE TREASURY FOR FINANCIAL MARKETS, DEPARTMENT OF THE TREASURY, WASHINGTON, DC**

Ms. MILLER. Thank you so much, Chairman Conrad, Ranking Member Grassley, and members of the Senate Finance Committee, for giving me the opportunity to be here today. I am honored that President Obama and Secretary Geithner have asked me to serve in the Treasury Department at this critical time for our economy and our country.

Thirty-two years ago, I arrived in Washington, a Cornell University graduate with a degree in Government. I worked as a legislative aide in the House of Representatives before I went to graduate school at the University of North Carolina, Chapel Hill. I then spent 4 years as a research associate in public finance at The Urban Institute here in Washington. There, I studied and wrote about the fiscal and capital needs of State and local governments. I am very proud that, for the last 5 years, I have served as a trustee of The Urban Institute.

In 1983, I took a job in Baltimore, MD as a credit analyst in the Municipal Bond Department of T. Rowe Price Associates, an investment management company. I have been at T. Rowe Price now for over 26 years, and today I am the director of Global Fixed Income Investments for the firm.

In preparing this opening statement for the committee, I recalled that when I started at T. Rowe Price our country was recovering from the longest recession since the Great Depression. The unemployment rate stood at 10.2 percent, precisely where it stands today. At that time, interest rates were much higher than today's very low levels. The Federal Funds rate was then above 8.5 percent, and the yield on the 10-year Treasury bond was above 10 percent.

Looking back at 1983, many people were pessimistic about the future of our country and our economy, but as it turned out, we were on the brink of 2 decades of strong growth. Certainly there were recessions during those decades, but in general the economy and the financial markets performed better than expected. Today we face both similar and different challenges to restore sound growth and financial markets.

My work over the last 26 years has been primarily in the bond market, including the Treasury bond market. Although, as a member of my firm's management committee, I do share a responsibility for our entire range of investments. I have participated in the evolution of the financial markets and products, as well as working through periods of severe market turmoil.

These included Saddam Hussein's invasion of Kuwait in August of 1990, the derivatives and currency problems ignited by the collapse of long-term capital management in 1998, the frenzy of the

dot-com bubble in the late 1990s, the tragedy of September 11, and, finally, the unprecedented financial crisis of the past 2 years.

The opportunity before me today is to help with the recovery and restoration of both confidence and capital in our financial markets. We need to ensure that our financial institutions are properly regulated, well-capitalized, and built to withstand downturns in the economy without creating undue stress and illiquidity. It is my hope that the recovery we have seen this year in financial markets can lay the foundation for broader economic recovery as we adopt these reforms.

If this committee and the full Senate confirm President Obama's nomination of me to be Assistant Secretary of the Treasury for Financial Markets, then I will welcome the opportunity to serve in the Treasury. I promise the committee that, if confirmed, I will work hard and I will do my best to carry out the oath of office.

Thank you very much.

Senator CONRAD. Thank you for your statement.

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

Senator CONRAD. Now we will go to Mr. Collyns, who has been nominated to be the Assistant Secretary of the Treasury.

Mr. Collyns, I know you have family members here as well, and we would be pleased to have them introduced to the committee.

Mr. COLLYNS. Thank you, Chairman Conrad.

Senator CONRAD. If they would stand.

Mr. COLLYNS. I am delighted to recognize my family members, and am glad they could be here with us today. First of all, of course, my wife, Myriam, who came to this country from Bolivia as a young student, has raised a family with me, and has also pursued a successful career as a translator and editor; and my two daughters, Carmen, who is a senior at Harvard University, and my younger daughter Isabel, who is a sophomore at the Wharton School at the University of Pennsylvania. For some reason, they are both studying economics. [Laughter.]

I would also like to welcome and thank my brother Edward, from New York, for bringing his family to be with us here today. Eddie works in the movie business in New York City. My sister-in-law Meryl, whom you may not be able to see, is a health care worker in New York City, and my two nieces, Hannah and Emily, are in high school in New York.

Senator CONRAD. Great. Welcome to the committee. It is wonderful for you to be here to support your family member.

Why don't you proceed with your statement, Mr. Collyns?

**STATEMENT OF CHARLES COLLYNS, NOMINATED TO BE ASSISTANT SECRETARY OF THE TREASURY FOR INTERNATIONAL FINANCE, DEPARTMENT OF THE TREASURY, WASHINGTON, DC**

Mr. COLLYNS. Thank you, Chairman Conrad, Ranking Member Grassley, and distinguished members of this committee, for the opportunity to appear before you today as nominee to be Assistant Secretary for International Finance at the Treasury Department. I would also like to thank your staff for meeting with me last week to discuss some of the major international financial issues facing the United States at this most challenging time.

I am greatly honored by President Obama's nomination for this position, and sincerely grateful to Secretary Geithner for recommending me to the President. I am also deeply grateful to my family for their very strong support in encouraging me to apply myself to public service.

My parents are not able to be with me today, but I would like to recognize them. They also came to this country many years ago, enticed by the opportunities and ideals that it offered. They went as far as to name each of their six sons after great American leaders. I myself proudly carry the middle name of Adlai, after an earlier inspirational leader from Illinois, Adlai Stevenson.

Mr. Chairman, Ranking Member Grassley, I welcome this opportunity, if confirmed, to serve our country and to join such a distinguished and talented team at the Treasury Department.

I have worked over 25 years in the International Monetary Fund, after completing my doctorate at Oxford University, and have gained long experience in dealing with a full range of international economic issues. During the 1980s, I was involved in the IMF's efforts to deal with the Latin American debt crisis. During the 1990s, I worked mainly with Asian countries, grappling with their own decade of crisis, and in the early part of this decade, returned to Latin America at another difficult time for the continent.

Most recently, I have led the team preparing the IMF's World Economic Outlook report, and I have, thus, been deeply involved with the Fund's work to understand and respond to the recent global crisis. If confirmed by the Senate, I would be greatly honored to serve my country at this very challenging time.

The swift and strong response by policymakers in the United States, working closely with counterparts in major partner countries around the world, has helped to stabilize the global economy following the crisis and restart growth. A recovery is now under way, but it is essential to build on this progress to ensure future, sustained, strong, and balanced growth, with robust jobs creation.

Achieving this end will require determined, well-directed, and concerted policymaking by the United States, together with its main partners. The Treasury Department will be called on to play a key part in leading these global efforts, and I would strive to contribute to ensuring success for this important task. If confirmed, I promise to apply myself fully and to the best of my ability to justify your trust and confidence.

Thank you for allowing me to appear before you today, and I would be pleased to respond to any questions.

Senator CONRAD. Thank you very much, Mr. Collyns, for your statement.

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

Senator CONRAD. I have a series of questions, three questions, that I need to ask each of you before we go to policy questions that relate to the positions for which you have been nominated.

So I would ask each of you in turn the following question: Is there anything that you are aware of in your background that might present a conflict of interest with the duties of the office to which you have been nominated?

Dr. Brainard?

Dr. BRAINARD. No, there is not.

Senator CONRAD. Ms. Miller?

Ms. MILLER. No, Senator.

Senator CONRAD. Mr. Colllyns?

Mr. COLLYNS. No, Senator.

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

Dr. Brainard?

Dr. BRAINARD. No, Senator.

Senator CONRAD. Ms. Miller?

Ms. MILLER. No.

Senator CONRAD. Mr. Colllyns?

Mr. COLLYNS. No, Senator.

Senator CONRAD. And the third and final question that we ask of all nominees: do you agree, without reservation, to respond to any reasonable summons to appear and testify before any duly constituted committee of Congress, if you are confirmed?

Dr. Brainard?

Dr. BRAINARD. I do.

Senator CONRAD. Ms. Miller?

Ms. MILLER. I do.

Senator CONRAD. Mr. Colllyns?

Mr. COLLYNS. I do.

Senator CONRAD. Thank you. We are glad to have those questions out of the way.

Let me go to each of you and ask, Dr. Brainard, in your opinion, what is the key challenge facing you, if you are confirmed for the position that you have been nominated? What are the key challenges that you would confront?

Dr. BRAINARD. Mr. Chairman, I think the environment that confronts us here at home and abroad is one that it is extraordinarily challenging. The set of responsibilities that the Under Secretary for International Affairs has at the Treasury Department really is very focused on our place in the global economy.

The challenge, I think, is to work with the tools that we have, whether they be diplomatic engagement or international agreements, to shape the most favorable possible external environment to generate good jobs here at home, to ensure strong growth here at home, to ensure that Americans are able to have good incomes and good standards of living here at home.

That will be quite challenging as we move forward, coming as we are out of the greatest financial crisis I think any of us have witnessed, and it will require persuading and working with a variety of nations, that they are on the wrong course in terms of their own growth strategies, that they are going to have to re-orient their economies fundamentally to stop relying on the American consumer, to stop relying on exports as their engine of growth, and to finally take their economies and put them on a growth path that is sustained by domestic demand, one that welcomes exports and goods from the United States.

Senator CONRAD. And, Ms. Miller, how would you see the most significant challenges that you would confront in this position, if you were to be confirmed?

Ms. MILLER. I think the chief challenge here is to maintain the confidence of investors, both large and small, in our financial markets.

Senator CONRAD. And what would be the things that you would bring to the table to deal with those challenges?

Ms. MILLER. Well, I think that I bring the experience of 30 years' of working in the financial markets. I have often said to myself that, through different economic and financial market cycles, we are never handed the same script. I think that you need to be pragmatic in thinking about the responses here, the range of choices, but to carefully construct the financial regulatory reform in ways that will benefit the markets and the confidence of investors.

Senator CONRAD. All right.

Mr. Collyns, how would you assess the key challenges that you would face?

Mr. COLLYNS. Mr. Chairman, I believe there has been some initial success in dealing with the devastating impact of the crisis. The global economy is beginning to emerge from a very difficult period. However, looking ahead, I do believe that there are fundamental changes to the pattern of growth in the global economy that will be required to ensure future prosperity, future markets for U.S. exports, and future robust jobs growth in this country.

I do believe we need to work very closely with partner countries to ensure that those countries are also making the adjustments that do need to be made in order to ensure that we are able to achieve the strong, sustained, and balanced global growth that is essential for prosperity in this country, and strong jobs growth in this country.

Senator CONRAD. Well, thank you. Thank you for those responses.

Senator Grassley?

Senator GRASSLEY. Yes. Thank you all for answering our questions and being willing to serve.

I have a question, to start with, for Charles Collyns. Wait a minute. I had better ask a question of all of you that I usually ask.

You know, we do a lot of oversight in Congress. One of the frustrations I have from people in government, in the executive branch of government, is getting answers very, very late and getting incomplete answers. I would like to know if you would try your hardest, each of you, to respond to our questions, and if you consider it an obligation to respond to questions from Congress, even from individual members like me.

Dr. BRAINARD. Senator Grassley, I would consider it an obligation, and I would want to work very hard to earn your trust and confidence going forward. Working with this committee will be an essential part of success in the set of responsibilities I would assume, if confirmed, at the Treasury Department.

Senator GRASSLEY. Ms. Miller?

Ms. MILLER. I absolutely believe that is my responsibility, and I look forward to a strong dialogue and exchange with your staff. Thank you.



Senator GRASSLEY. All right.  
Mr. Collyns?

Mr. COLLYNS. I also certainly regard it as an obligation to respond in a timely manner, and in full, to any inquiries from this committee, if I am confirmed.

Senator GRASSLEY. All right.

Let me start with you, Mr. Collyns, on a question. If you follow me, you know I was very frustrated with the failure of the Treasury Department in the previous administration of President Bush to name China a currency manipulator. Now it seems to me we are continuing down the same trend, with this administration twice failing to name China a currency manipulator.

I am left frustrated. This is not a partisan issue for me. I believe that we should be calling a spade a spade: China is manipulating its currency in order to maintain export advantage. We should state that publicly and then engage China. China's action to depreciate its currency, along with the falling dollar, is particularly troubling given the potential to disrupt global economic recovery. Europe and other Asian economies will end up bearing the cost of China's actions. If confirmed, how would you address this important issue?

Mr. COLLYNS. Senator Grassley, I certainly share your concerns with the ways in which China is managing its exchange rate. I have looked carefully at the currency reports prepared by the Treasury Department, and understand that these reports have found that China does not meet the standards set in the 1988 Trade Act to justify the label of currency manipulation.

However, the reports have clearly identified issues with China's management of the exchange rate. The renminbi is clearly undervalued. There are issues with the continued heavy intervention by the Chinese authorities, the accumulation of reserves, and resistance of upward pressure on the exchange rate.

I believe this is a major concern, particularly going forward. If the Chinese maintain this policy, it will block the adjustment needed of the global economy, the adjustment that China needs to make to shift away from export-led growth towards domestic-led growth. So I very much agree with you that we need to find effective ways to persuade the Chinese to modify their policies.

The U.S. administration is acting across a whole range of fronts to express these concerns with the Chinese authorities, to persuade the Chinese that change is needed. I believe that some progress has been made. The Chinese are beginning to understand the gravity of the situation and the implications of their policies, but I certainly agree that much more needs to be accomplished. If I am confirmed, I assure you that I would be doing my best to make sure that China does shift its policies in this area.

Senator GRASSLEY. Dr. Brainard, along the same lines, I want to refer to a study released in June by the Peterson Institute that concluded China's currency needs to appreciate by 21 percent. Then in October, the Treasury Department's Currency Report criticized the "rigidity" of China's currency and China's accelerated accumulating of reserves.

Then in testimony you gave to this committee last year on trade law enforcement, you argued that we need to "proactively prioritize

and target those compliance gaps that have been identified to have the greatest overall economic cost.” In your view, do China’s currency practices fall in this category?

Dr. BRAINARD. Yes, Senator Grassley. This issue of China’s overall economic strategy and the role that their exchange rate policy plays within it, I think, is of central importance. It is of central importance to our broader economic goals here in this country, and I think the set of tools and mechanisms available are being used by this administration. My understanding is that this was a topic that was raised at the very highest levels by President Obama consistently throughout his discussions in Asia.

I know Secretary Geithner has worked very hard on this. Using the mechanism of strategic and economic dialogue, he has built support for this position more broadly in APEC, and it very much is part of the rationale for the work that the President undertook in the G–20 in Pittsburgh to create an agreement among the leading economies, that they would all work together to take policies to adjust their economic strategies, to have a greater emphasis on demand-led growth in their economies, and to stop relying on exports to the U.S. as the primary driver.

The Chinese exchange rate policy, as Charles just mentioned, is something that was a stabilizing force at the height of the crisis. At a time when some of the other surrounding currencies were weakening, it was a stabilizing force. The concern now is that it is getting in the way of global recovery, that it no longer is a positive contribution, and that it is leading other countries in the region to themselves be intervening more. So, yes, I think this is an absolute top priority, and, if confirmed, this is something that I would expect to spend a large part of my time working to address.

Senator GRASSLEY. Well, you have not made clear if—according to your testimony, you talked about compliance gaps. Do China’s currency practices fall into that category?

Dr. BRAINARD. Senator, I think the question about what mechanisms can be used is a more complicated question. Some of the jurisdiction for that, for instance, lies with the Commerce Department. But certainly I would be using the tools available at the Treasury Department to try to push that agenda forward and support my inter-agency colleagues in undertaking a broader administration strategy, in consultation with this committee and others.

Senator CONRAD. Just for the record, I want to associate myself with the comments of Senator Grassley with respect to China and the currency issues. It is about as clear as it can be, they are manipulating their currency to confer advantage on their economy. I do not know what could be much more clear, and it is an absolute obligation of ours to press back. I was pleased by the answers of both Dr. Brainard and Mr. Collyns in recognition of that issue.

Senator Cantwell?

Senator CANTWELL. Thank you, Mr. Chairman.

Welcome to all the panelists. Thank you for your willingness to serve.

Dr. Brainard, could you talk a little bit more about why it is important to keep the U.S. dollar stable and strong, and how you would go about doing that?

Dr. BRAINARD. Well, Senator, I will start with the usual caveat. As I am sure you have heard before, it is this administration's policy, and many administrations' policy, that only the Secretary of the Treasury speak to the dollar, and I would honor that as a good policy.

But more broadly, I think it is very much in our interest and in our power to undertake a strong set of economic policies that, first and foremost, strengthen the foundations of the U.S. economy, put it on a path that is more balanced, more sustainable, creates good jobs for Americans, and in the medium term ensures that we are on a path towards fiscal sustainability, which is also an essential part of making sure that the U.S. is the most attractive investment environment in the world.

Senator CANTWELL. But, I mean, as far as policies like less dependence on foreign oil, because energy prices are so tied to our strength in the dollar, or confidence overall, or buying back debt, obviously deficit reduction; there are a variety of tools that we have that we could be focusing on. Are there things in that that you think are more important than others?

Dr. BRAINARD. As you said, there is a set of interlinking policy decisions that I think will be critically important to strengthening the foundations of the U.S. economy. The most immediate is getting people back to work and getting the economy back at full strength. Alongside of that, President Obama has put a set of policy priorities on the table, among them promoting different sources of energy, more renewable energy, health care is obviously a central focus of this committee, and a fiscal framework that, in the medium term, will get us back on a sustainable path, which is going to be absolutely essential to our economic health in the future.

Senator CANTWELL. And what do you think, obviously, given the situation with China, is the strategic and economic dialogue's ability to foster an environment of more economic opportunity? I mean, we in the northwest may look at this a little differently than some of my colleagues. I mean, we look at China as a market, because we already sell them coffee, airplanes, and software, and a lot of agricultural products, and we would like to sell them a lot more clean energy solutions. Do you think that the recent announcement by the administration on cooperation on energy as an outgrowth of the strategic economic dialogue could pave the way for more opportunities for us to collaborate?

Dr. BRAINARD. Well, Senator, we are very aware of the work that you have done in this area. The strategic and economic dialogue is one very important mechanism for engaging with China. In the first economic meeting that was hosted by Secretary Geithner, the two countries signed up for a fairly serious medium-term set of commitments on opening the Chinese economy, on reorienting it towards domestic demand-led growth, and that dialogue will continue to be a piece of our broader engagement strategy.

The clean energy agreements that were just signed in China by President Hu and President Obama, I think, do point towards a future of greater energy cooperation. Hopefully they will help to put China on a path to lower carbon emission, but will also, impor-

tantly, centrally create greater opportunities for producers here in the U.S. to be selling into the Chinese market.

Similarly, the U.S. Trade Representative and the Commerce Department are working together, through the WTO mechanism, to get China to put some additional commitments to open its markets on the table. All of those things are going to have to be part of the solution with China, and I would look forward very much to being part of that effort.

Senator CANTWELL. Well, I will look forward to working with you on that. I think this is critically important. If we think about it, part of this strong dollar is rebalancing. You look at States like Washington, that basically are trade-neutral with China, and we are almost exporting more. If the whole country would be doing that, particularly with the opportunity of a \$6-trillion energy market globally, it has great opportunities for the United States, I believe, in selling products on the international market. I think we have to get people to lower tariffs. I think that the world community ought to come together on lowering tariffs. We have as much as 35-percent tariffs on clean energy solutions. If we all care about reducing carbon, we should all be interested in reducing tariffs on clean energy products and solutions, so I hope the administration will focus on that as well. So, thank you.

Dr. BRAINARD. I know that is a focus of the U.S. Trade Representative.

Senator CONRAD. Senators, we are informed that we will not achieve a quorum. We came very close, but schedules did not quite match up. So I regret that, for those nominees who are awaiting action before the committee, that action will have to be deferred.

I am sure the chairman, when he returns, will find a way to get us together to have a quorum to report those nominees, because as far as I know there is no controversy associated with any of them.

Senator Carper, do you wish to ask questions of the nominees?

Senator CARPER. No questions. I have others waiting for me in my office. I need to return to my office to meet with them. I just want to thank each of you for joining us today, for your willingness to serve. As a father of two boys who are now 19 and 21, I must say I admire how well-behaved someone's daughters are back there. I presume they are yours. I am not sure that my boys, at their age, would have been quite as well-disciplined. So, good work, mom and dad, I suppose. Thank you.

Senator CONRAD. Let me just indicate that we will accept Chairman Baucus's statement as part of this record, and Senators have indicated they have no additional questions for this panel. I want to congratulate you all for superb performance before the committee; especially impressive are your families. You know, maybe we could have some of them, in the future, before this committee as they are nominated for high office in this land.

[The prepared statement of Senator Baucus appears in the appendix.]

Senator CONRAD. Thanks to each of you for your willingness to serve this country: Dr. Brainard, for your extraordinarily impressive background; Ms. Miller, same for you. We appreciate very much people with your talent and your energy being willing to

serve in public service. Mr. Collens, you as well. I was very interested in your answers to the questions that were put to you.

So we are delighted to have you before the Finance Committee. We will bend every effort to move your nominations expeditiously, and thank you. Have a happy holiday.

The committee will stand in adjournment.

[Whereupon, at 10:54 a.m., the hearing was concluded.]



# APPENDIX

## ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

---

Statement of Chairman Max Baucus  
November 20, 2009

The American abolitionist Wendell Phillips said: "Eternal vigilance is the price of liberty."

President Obama has nominated three very qualified Treasury nominees before us. There is almost a century of experience among the three of you. And each of you will have to draw upon that wealth experience to deal with the monumental tasks ahead. You will have to be vigilant in your efforts to address the myriad issues facing us.

The American economy is finding its first faltering steps on the path toward economic recovery. With the right leadership and guidance, I am confident that we can continue on that path. But ensuring America's successful economic recovery will require your dedication, your diligence, and your vigilance.

Dr. Brainard, you have been nominated to be Under Secretary of International Affairs at the Treasury Department. Your work as the Deputy National Economic Advisor during the Clinton Administration and as Vice President and Director of the Global Economy and Development Program at the Brookings Institution has highlighted your dedication to and experience with examining and addressing global economic issues. That dedication will be imperative as you work with international partners to pursue the right policies for the American people.

You must use this combination of dedication and experience to craft policies that address the needs of the American people.

You must work with our partners around the globe to address the underlying causes of this international financial crisis. You must work to ensure that U.S. exporters have access to global markets by coordinating with USTR and other U.S. agencies. But in doing so, you must be vigilant in prioritizing the needs of America's economy, and America's workers.

You must also remember to be vigilant in your recordkeeping and your actions, in the personal and professional arenas. Finance Committee staff identified several issues while vetting your nomination. You have taken steps to remedy these issues. But I urge you to be careful in ensuring that these mistakes do not repeat themselves.

Dr. Collins, you have been nominated to be the Assistant Secretary of Treasury for International Finance. You have studied the economic and monetary policies across the globe in your nearly 30 years at the International Monetary Fund. And you have examined exchange and trade relations among nations.

At Treasury, you will oversee global monetary and economic issues. You will oversee matters relating to the World Bank and the International Monetary Fund. And in doing so, you must be vigilant in developing policies that reflect America's role in an ever-changing world.

Ms. Miller, you have been nominated to be the Assistant Secretary of Treasury for Financial Markets. In this role, you will be required to call upon the almost 30 years of experience you gained at the T. Rowe Price Group in Baltimore. This experience gave you insight into key issues such as fixed income and asset allocation.

You will be responsible for guiding Treasury on crucial domestic fiscal and economic matters. You must use your experience to navigate novel issues raised by our responses to this novel financial climate. You must work to ensure the stability of financial markets. You must discharge our recovery efforts with transparency. And you must be vigilant as you use public dollars to serve the public good.

As we come together to consider your nominations, I urge you all to be dedicated in carrying out the tasks that lie ahead. Be vigilant on behalf of the American economy. And be vigilant on behalf of the American people.



**Opening Statement of Lael Brainard**  
**Nominee for Under Secretary of the Treasury for International Affairs**  
**U.S. Senate Committee on Finance**  
**November 20, 2009**

Chairman Baucus, Ranking Member Grassley, and distinguished members of the Committee, I am honored to appear before this committee today as you consider my nomination to be Treasury Under Secretary for International Affairs. I want to thank my family for their support: my husband, Kurt Campbell, my parents, Al and Joanne Brainard and my daughters, Caelan and Ciara, who are here today, and my youngest daughter, Coco.

I am honored that President Obama has nominated me for this position and, if confirmed, will be privileged to work with Secretary Geithner and the distinguished civil servants in International Affairs at the Treasury. If confirmed, I look forward to working closely with this Committee and your colleagues in Congress to advance President Obama's agenda of strengthening U.S. leadership in the global economy and restarting the great American engine of growth.

My preparation for these issues dates back to my childhood years living behind the Iron Curtain observing the power and promise of American ideals, including the power of individual initiative, dynamic markets and growing economic ties, to lift up lives and underwrite peace and security around the world. Like many children, I was frequently told to mind my manners, but in our family it was followed by the admonition "don't forget, you are representing America."

For 25 years, my work has focused on strengthening America's leadership in the global economy. I worked at McKinsey with US car manufacturers struggling to maintain share against Asian competitors and US financial institution clients competing in increasingly complex global markets. As an economics professor at MIT, my students and I examined how the bracing winds of global competition shape the opportunities of working Americans. Most recently, I had a unique opportunity to build a community of scholars at Brookings -- the fifth new program in its 90 year history-- to undertake innovative work on American competitiveness, the rise of major economies such as China and India, and systemic challenges such as climate change. Throughout, I have maintained a deep interest in emerging solutions to global poverty, starting over twenty years ago working with rural micro entrepreneurs in Senegal.

If confirmed, this would be my third time in public service -- following a proud tradition on both sides of my family, including my father's service in the Army and as a diplomat during the Cold War. I would be proud to once again represent this great nation as we forge a durable and balanced recovery. I entered public service as a White House Fellow on the eve of Mexico's financial crisis, and stayed on to serve President Clinton as Deputy Assistant to the President for International Economics through the 1997-9 financial crisis, when the groundwork for the G20 was first laid. At that time, I also had the opportunity to work with this Committee and others in Congress to shape China's entry into the WTO and to expand trade ties with Africa through

AGOA. I also served as the U.S. Sherpa to the G8. Two decades ago, when we celebrated the fall of the Berlin Wall, I spent an eventful year at the Council of Economic Advisers, working on the design of Poland's successful transition plan, as well as the Structural Impediments Initiative with Japan.

I look forward to making a contribution as our nation navigates the most complicated economic challenges we have faced in a generation. The global economy is emerging from the most severe and synchronized crisis we have seen--in large part thanks to unprecedented global cooperation led by the United States.

More than any other nation, the United States is at the heart of the global economy with deep and broad ties to every region of the globe. The world needs America if global prosperity and security are to prevail. And America needs the rest of the world to grow if we are to prosper again here at home. Most immediately, this requires a commitment from major economies to maintain necessary actions to get people back to work and banks back in the business of lending. But we must also put in place measures to ensure we do not confront a crisis of this severity ever again.

If we are to achieve more sustainable and balanced growth, we must move from global growth based on U.S. demand to growth based on global demand. If our financial system is to be put on sounder footing, regulators in all major financial centers will need to work together to promote a race to the top. If we are to spread opportunity to the poorest communities, we must redouble our efforts to overcome food, fuel, and financial insecurity. If America is to reach our goals of creating jobs and increasing incomes, our businesses, factories and farms must be able to sell to consumers in the dynamic economies of Asia. Just this past week, President Obama announced his intention to engage with the Trans Pacific partnership countries "with the goal of shaping a regional agreement that will have broad-based membership and the high standards worthy of a 21st century trade agreement." And he affirmed the importance of seeking a WTO agreement "that will open up markets and increase exports around the world."

These are the challenges of our time. If confirmed, I look forward to working on them closely with the members of this Committee and Congress.

Thank you, Mr. Chairman, Senator Grassley. I would be pleased to answer any questions.

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

**A. BIOGRAPHICAL INFORMATION**

1. Name: (Include any former names used.)  
Lael Brainard
2. Position to which nominated:  
Under Secretary of the Treasury for International Affairs
3. Date of nomination:  
March 23, 2009
4. Address: (List current residence, office, and mailing addresses.)
  
5. Date and place of birth:  
January 28, 1962  
Hamburg, Germany
6. Marital status: (Include maiden name of wife or husband's name.)

7. Names and ages of children:
8. Education: (List secondary and higher education institutions, dates attended, degree received, and date degree granted.)
- |                     |           |             |      |
|---------------------|-----------|-------------|------|
| George School       | 1975-1979 | High School | 1979 |
| Wesleyan University | 1979-1983 | BA          | 1983 |
| Harvard University  | 1985-1989 | MA, PhD     | 1989 |
9. Employment record: (List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment.)
- |           |  |                             |
|-----------|--|-----------------------------|
| 2001-2009 | Brookings Institution<br>Vice President and Founding Director (2005-2009)<br>Senior Fellow (2001-2005)   | Washington, D.C.            |
| 1994-2000 | White House National Economic Council<br>Deputy Assistant to the President (1998-2000)<br>Special Assistant to the President (1995-1998)<br>White House Fellow (1994-1995) | Washington, D.C.            |
| 1990-1996 | MIT Sloan School<br>Associate Professor of Applied Economics (1994-1996)<br>Assistant Professor of Applied Economics (1990-1994)   | Cambridge, MA.              |
| 1989-1990 | Council of Economic Advisers<br>Staff Economist  | Washington, DC              |
| 1987      | Harvard Institute for International Development<br>Consultant  | Kaolack, Senegal            |
| 1986      | Ford Foundation<br>Consultant  | Dakar, Senegal              |
| 1982-1985 | McKinsey and Co.<br>Business Analyst<br>Gilbert Clee Scholar   | New York, NY and London, UK |
10. Government experience: (List any advisory, consultative, honorary, or other part-

time service or positions with Federal, State or local governments, other than those listed above.)

Nothing additional to those listed in question 9

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

2007-09	Sidwell Friends School	Trustee
2007-09	Zurich Financial International Advisory Council	Member
2006-09	Campbell and Brainard	Partner
2006-09	Global Institute (affiliate of Brookings)	Secretary, Treasurer
2006-09	American Security Project Board of Directors	Board Member
2005-09	Brookings Institution	Vice President
2003-09	Wesleyan University	Trustee

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

2008-09	MercyCorps Action Center Advisory Council	Member
2007-09	Trilateral Commission	Member
2001-09	Aspen Strategy Group	Member
2000-09	Council on Foreign Relations	Member
1997-2009	American Australian Leadership Dialogue Advisory Board	Member
1990-2002	National Bureau of Economic Research	Faculty Research Fellow

13. Political affiliations and activities:

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

NA

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

NA

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

09/16/2008	Obama Victory Fund	2300.00
03/20/2007	Hillary Clinton for President	2300.00
09/30/2007	Jack Reed Committee	2300.00
09/12/2006	Friends of Hillary	2100.00
12/31/2005	Friends of Hillary	2000.00
10/25/2004	Battleground Victory Fund No. 2 (DNC)	2500.00
07/23/2004	John Kerry for President Inc	500.00
01/26/2004	John Kerry for President Inc	500.00
10/01/2003	Clark for President Inc	1000.00

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

2006	Bernard L. Schwartz Chair
2002-5	New Century Chair
2001	Friedman Fellowship
1995	White House Fellowship
1995	Council on Foreign Relations International Affairs Fellow Elect
1995	MIT Class of 1956 Chair
1993-5	National Science Foundation Research Grant
1993-4	MIT Mitsubishi Career Development Chair
1990	Review of Economic Studies European Tour Award for Doctoral Research
1988	21st Century Trust Fellowship
1986-9	National Science Foundation Fellowship, Harvard University
1985	Marshall Scholar Elect
1983	University Honors and High Honors, Wesleyan University.
1982	Phi Beta Kappa, Wesleyan University
1981-3	Gilbert Clee Scholarship, McKinsey and Wesleyan

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

*Strengthening American Competitiveness: Regaining Our Competitive Edge*, coauthor with Jason Bordoff, Carola McGiffert and Isaac Sorkin, Brookings Institution Press, 2009.

*Climate, Trade, and Competitiveness: Is a Collision Inevitable?* coeditor with Isaac Sorkin, Brookings Institution Press, 2009.

*Brazil as Economic Superpower? Understanding Brazil's Changing Role in the Global Economy*, coeditor and contributing coauthor with Leonardo Martinez Diaz, Brookings Institution Press, 2009.

*Development in the Balance: How Will the World's Poor Cope with Climate Change?* coeditor with Abigail Jones and Nigel Purvis, Brookings Institution Press, 2009.

*Top 10 Global Economic Challenges Confronting America's 44<sup>th</sup> President*, editor and contributing coauthor, Brookings Institution Press, October 2008.

"New Economy Safety Net," *Democracy Journal*, # 8, Spring 2008.

"Can America Still Lead in the Global Economy?" with David Lipton, Aspen Strategy Group, 2008.

*Global Development 2.0: Can Philanthropists, the Public, and the Poor Make Poverty History?* coeditor and contributing coauthor with Derek Chollet, Brookings Institution Press 2008.

"An Empirical Assessment of the Proximity-Concentration Tradeoff between Multinational Sales and Trade," *American Economic Review*, 87 (4), September 1997. Reprinted in David Greenaway, Holger Görg and Richard Kneller, eds., *Globalization And Productivity*, Edward Elgar Publishing, 2008.

*Too Poor for Peace: Understanding the Poverty-Insecurity Nexus*, coeditor and contributing coauthor with Derek Chollet, Brookings Institution Press 2007.

*Top 10 Global Economic Challenges*, editor and contributing coauthor, Brookings Institution Press, February 2007.

"Adjusting to China's Rise," in *China's Long March on the 21<sup>st</sup> Century*, Kurt M. Campbell, ed., Aspen Institute, 2006.

*Security by Other Means: Foreign Assistance, American Leadership, and Global Poverty*, editor and contributing author, Brookings Institution Press, 2007.

*Offshoring White Collar Work*, coeditor with Susan M. Collins, Brookings Institution Press, 2006.

*Transforming the Development Landscape: the Role of the Private Sector*, editor and contributing coauthor, Brookings Institution Press, 2006.

"A Fairer Deal for America's Workers: Wage Insurance in a New Era of Offshoring," with Robert E. Litan and Nicholas Warren, in Lael Brainard and Susan M. Collins, eds., *Offshoring White Collar Work: the Issues and Implications*, Brookings Institution Press, 2006.

"Services Offshoring, American Jobs, and the Global Economy," with Robert E. Litan, *Perspectives on Work*, University of Illinois Press, Volume 8, Number 2, Winter 2005.

"Reassessing National Security," with Michael O'Hanlon, in Alice Rivlin and Isabel Sawhill, eds., *Restoring Fiscal Sanity: How to Balance the Budget*, Brookings Institution Press, 2004.

"Offshoring Services Jobs: Bane or Boon and What to Do," with Robert E. Litan, Brookings Policy Brief, 2004.

*The Other War: Global Poverty and the Millennium Challenge Account*, lead author with Carol Graham, Nigel Purvis, Steve Radelet, and Gayle Smith, Brookings Institution Press, 2003.

"Making the Millennium Challenge Account Work for Africa," with Allison Driscoll, *Brookings Policy Brief #123*, September 2003.

"What is the Role for Health in the Fight against International Poverty?" in *Biological Security and Global Public Health*, Kurt M. Campbell and Philip Zelikow, eds., WW Norton and Company, 2003.

"Compassionate Conservatism Confronts Global Poverty," *The Washington Quarterly*, Spring 2003. Reprinted in Alexander T. Lennon, ed., *The Battle for Hearts and Minds: Using Soft Power to Undermine Terrorist Networks*, MIT Press, 2003.

"Building Common Ground on Trade Demands More Than a Name Change," with Hal Shapiro, *The George Washington International Law Review*, 2003.

"A Turning Point for Globalisation? The Implications for the Global Economy of America's Campaign against Terrorism," *Cambridge Review of International Affairs*, July 2002.

"A Global Economic Agenda for the United States" with Robert Litan, in James Lindsay, Pietro Nivola and Henry Aaron, eds., *Agenda for the Nation*, Brookings Institution Press, 2003.



"Capitalism Unhinged," *Foreign Affairs*, January/February 2002.

"Trade Policy in the 1990s," in Jeffrey Frankel and Peter Orszag, eds., *American Economic Policy in the 1990s*, MIT Press, 2002.

"The New Transatlantic Agenda," in Kurt Campbell and Philip Zelikow, eds., *America and Europe*, WW Norton and Company, 2002.

"Are U.S. Multinationals Exporting U.S. Jobs?" with David Riker in David Greenaway and Douglas R. Nelson, eds., *Globalization and Labour Markets*, Edward Elgar, 2001.

"Fast Track Trade Promotion Authority," with Hal Shapiro, *Brookings Policy Brief 91*, December 2001.

"Trading Places: The Prospects for Global Trade Negotiations," *The International Economy*, July/August 2001.

"Strategic Trade Policy with Incompletely Informed Policymakers," with David Martimort, *Journal of International Economics*, 1997.

"US Multinationals and Competition with Low Wage Countries" with David Riker, *National Bureau of Economic Research Working Paper No. 5959*, 1997.

"The Political Economy of Declining Industries: Senescent Industry Collapse Revisited," with Thierry Verdier, *Journal of International Economics*, 42(1-2), February 1996, pp. 221-37.

"Strategic Trade Policy Design with Asymmetric Information and Public Contracts," with David Martimort, *Review of Economic Studies*, 1996.

"Lobbying and Adjustment in Declining Industries," with Thierry Verdier, *European Economic Review*, 38, 1994, pp. 586-595.

"Last One Out Wins: Trade Policy in an International Exit Game," *International Economic Review*, 35(1), February 1994, pp. 151-172.

"Sectoral Shifts and Cyclical Unemployment Reconsidered," with David Cutler, *Quarterly Journal of Economics*, February 1993, pp. 219-241.

"An Empirical Assessment of the Factor Proportions Explanation of Multinational Sales," *National Bureau of Economic Research Working Paper No. 4583*, 1993.

"A Simple Theory of Multinational Corporations and Trade with a Tradeoff between Proximity and Concentration," *National Bureau of Economic Research Working Paper No. 4269*, 1993.

"Sectoral Shifts Unemployment in Interwar Britain," *National Bureau of Economic Research Working Paper No. 3980*, 1992.

"Protecting Losers: Optimal Diversification, Insurance, and Trade Policy," *National Bureau of Economic Research Working Paper No. 3773*, 1991.

"Senegal Community and Enterprise Development Project" published in C. Mann, M. Grindle, and P. Shipton, eds., *Seeking Solutions: Framework and Cases for Small Enterprise Development Programs*, 1989.

"Problems in Modeling Competition in the Aircraft Industry," with Paul Krugman, *MIT Working Paper*, 1988.

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

Speeches

May 19, 2005

Speech At Progressive Policy Institute On "The Dollar, The Deficit, And American Competitiveness"

April 22, 2005

Speech at AAAS Forum On Science and Tech Policy, "Investing in Knowledge for Development: The Role of Science & Technology in the Fight Against Global Poverty"

Testimony

May 22, 2008

S. 1919, the Trade Enforcement Act of 2007

U.S. Senate Committee on Finance

April 23, 2008

Foreign Assistance Reform in the Next Administration: Challenges and Solutions

U.S. House Committee on Foreign Affairs

January 23, 2008

Foreign Assistance: Proposals for Reform

U.S. House Appropriations Subcommittee on State, Foreign Operations, and Related Programs

June 13, 2007

U.S. Trade Policy and Small Business

U.S. House Committee on Small Business

June 12, 2007  
Foreign Assistance Reform: Successes, Failures, and Next Steps  
U.S. Senate Committee on Foreign Relations

June 06, 2007  
Trade and Globalization: Adjustment for a 21st Century Workforce  
U.S. Senate Committee on Finance

March 26, 2007  
How Effective are Existing Programs in Helping Workers Impacted by International Trade?  
U.S. House Committee on Education and Labor

February 28, 2007  
Meeting the Challenge of Income Instability  
U.S. Joint Economic Committee

April 06, 2006  
Saving for the 21st Century: Is America Saving Enough to be Competitive in the Global Marketplace?  
U.S. Senate Committee on Finance

February 26, 2004  
U.S. Foreign Assistance After September 11th: Major Changes, Competing Purposes and Different Standards - Is There an Overall Strategy?  
U.S. House of Representatives Committee on International Relations

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

Treasury International Affairs plays an important role on issues of international financial policy and markets, trade and investment policy, and debt and development – areas of vital importance to our nation’s prosperity and security. My interest in these issues dates back to my childhood abroad in a foreign service family observing the power and promise of strong markets and growing economic ties to lift up the lives of people around the world and underwrite peace and security.

My qualifications include experience on these issues ranging over the past 25 years with periods in the private sector, the public sector, and research institutions. At McKinsey, I worked with financial institutions competing in increasingly complex global markets and with US car manufacturers struggling to maintain share against Asian competitors. During doctoral studies at Harvard and later as a faculty member at MIT, I analyzed how different policies affect the global competitive landscape and the implications for working people buffeted by the bracing winds of global competition, as well as the

relationship between offshore production, trade and jobs. During this time, I have maintained an active interest in emerging solutions to global poverty-- spending time in Senegal with the Ford Foundation assessing microfinance in its early years.

I spent an eventful year between Harvard and MIT at the Council of Economic Advisers, where I was involved in the design of Poland's successful transition plan, as well as in the Structural Impediments Initiative with Japan, and policies to address Latin American debt burdens. Years later, I returned to public service as a White House Fellow and stayed to serve on President Clinton's National Economic Council as Deputy Assistant to the President for International Economics-- starting on the eve of Mexico's financial crisis and helping to navigate the 1997-9 financial crisis, working with Congress to shape China's entry into the WTO and to expand trade ties with Africa through AGOA, and helping to lay the foundations for the Global Fund as Sherpa to the G8.

For the last several years, I have had a unique opportunity to build a new program at Brookings -- only the fifth in its 90 year history--to address the key global economic challenges confronting American officials today: the integration of rising economic powers such as China, India and Brazil, key global drivers such as climate and energy interdependence and complicated linkages among financial markets, and charting a sustainable path out of poverty. These past several years have provided fresh perspective and a greatly expanded network of partners as I contemplate a return to public service at this consequential moment in our nation's history.

#### **B. FUTURE EMPLOYMENT RELATIONSHIPS**

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

Yes.

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

No.

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

No.

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

Yes.

**C. POTENTIAL CONFLICTS OF INTEREST**

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

In connection with the nomination process, I have consulted with the Office of Government Ethics and the Treasury Department's designated agency ethics official to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Department's designated agency ethics official and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

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

In connection with the nomination process, I have consulted with the Office of Government Ethics and the Treasury Department's designated agency ethics official to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Department's designated agency ethics official and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

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

N/A

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

In connection with the nomination process, I have consulted with the Office of Government Ethics and the Treasury Department's designated agency ethics official to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the

Department's designated agency ethics official and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

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

Attached

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

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

**D. LEGAL AND OTHER MATTERS**

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

No.

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

No.

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

No.

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

No.

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

N/A

**E. TESTIFYING BEFORE CONGRESS**

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

Yes.

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

Yes.

**QUESTIONS FOR THE RECORD  
FOR LAEL BRAINARD, NOMINEE TO BE TREASURY UNDER  
SECRETARY FOR INTERNATIONAL AFFAIRS**

**Senate Finance Committee Nomination Hearing  
November 20, 2009**

**Chairman Baucus: Questions for Lael Brainard**

1. Since the President's trip to China, many commentators have noted that as China's economic stature continues to grow, the dynamics of the U.S.-China relationship will change. Commentators have also noted that the United States can no longer expect to drive the U.S.-China dialogue. What is your reaction to these statements? How will the Administration ensure U.S. interests are adequately addressed in light of this changing dynamic?

China and the United States have important stakes in each other's economies and the strength of the global economy. It is critical to achieve a more sustainable and balanced pattern of growth. That is why President Obama in Pittsburgh launched the G-20 Framework for Strong, Sustainable and Balanced Growth. If confirmed, I would work within the Framework to push for the adoption of policies in Asia that shift from an unsustainable reliance on export-led growth to greater reliance on domestic demand as a driver of growth. If confirmed, I would continue Treasury's efforts to use every opportunity to press China to move to a market-oriented exchange rate. To deal with the numerous challenges and issues that we face with China, and to ensure a path toward mutual prosperity, President Obama and President Hu established the Strategic and Economic Dialogue (S&ED), which embraces the full scope of bilateral issues and provides a broad framework capable of convening the most senior policy makers from across the government.

If confirmed, I look forward to contributing to Treasury's efforts to be a forceful advocate of U.S. interests in the S&ED, the G-20, APEC and other fora. The Economic Track provides a framework for doing so through engaging China on i) promoting a strong recovery and achieving more sustainable and balanced growth; ii) promoting more resilient, open, and market-oriented financial systems; iii) strengthening trade and investment; and iv) strengthening the international financial architecture. The S&ED provides a platform for narrowing our differences and reinforcing our common interests in order to promote U.S. employment and the prosperity of the American people.

2. I have long supported increasing the role of developing countries in international fora such as the World Bank and International Monetary Fund. And I was pleased to see the G-20 Leaders commit to increasing this role after this year's Pittsburgh summit. But I am concerned that many developing countries, particularly those in Asia, do not yet have the confidence in these organizations to participate fully. What are your thoughts on this? How do encourage developing countries to fully participate in these organizations?



The U.S. has consistently been a strong advocate for governance reforms in the World Bank and the IMF to better reflect the important role of emerging market and developing economies in the global system and in these institutions and to give these countries a greater stake in supporting the work of these institutions. The agreement among G-20 Leaders at Pittsburgh to a shift in quota share to dynamic emerging market and developing countries of at least 5 percent in the IMF and an increase of at least 3 percent of voting power for developing and transition countries at the World Bank were important steps on governance reforms. Treasury is also engaged on additional governance reforms to make these institutions more credible, legitimate, and effective. Treasury is also engaged through regional fora such as APEC and through multilateral fora such as the G-20 with developing countries to ensure that they are active, fully engaged participants in the international financial institutions. U.S. leadership and engagement on reforms will remain centrally important in achieving greater participation and support on the part of developing countries. If I am confirmed, I will work hard to strengthen the multilateral institutions and the active participation of all countries in the global system.

3. Earlier this year, Congress passed a landmark expansion of Trade Adjustment Assistance (TAA). But a recent Washington Post article cited many workers saying that TAA benefits do not go far enough to alleviate the temporary displacement some workers face. How do we ensure TAA provides the maximum benefit for those workers who are negatively impacted by trade? What more can we do to help these workers? How do we ensure the competitiveness of the American workforce?

I agree that it is essential to provide a safety net to American workers in order to weather and adapt to a rapidly changing domestic and global economy. While trade creates important opportunities for many, some workers and communities bear disproportionate dislocation and job losses.

The recent landmark expansion of Trade Adjustment Assistance (TAA) as well as a broader framework of jobless benefits and healthcare have been important steps to address dislocation. Encouraging economic growth and job creation is critical to ensuring that these workers can become reemployed. Well-designed income support, training, and relocation assistance programs can help workers become more competitive and eligible for higher paying jobs in tomorrow's labor market.

If confirmed, I look forward to working with the Department of Labor, other agencies, and Congress to help ensure that the TAA program continues to be responsive to the needs of those workers and communities who are negatively impacted by trade.

4. In recent months, there has been renewed domestic emphasis on China's role as the largest foreign holder of U.S. treasury securities. And because of its role, China has expressed significant concerns about the falling value of the U.S. dollar. Do you think U.S. debt is too concentrated in the hands of one debt-holder, or is it adequately

diversified? Are concerns about the falling value of the U.S. dollar warranted? Do you think the falling value of the dollar is driving U.S. export growth?

It is a longstanding policy that only the Secretary of the Treasury discusses dollar policy, and so I must defer specific questions on the dollar to the Secretary. However, let me say that I believe it is important to maintain strong economic fundamentals – low and steady inflation, sustainable fiscal balances once economic recovery is assured, and a strong and stable financial system – to support our economy and the dollar.

The latest data from Treasury's International Capital System indicate that China holds \$798 billion of U.S. Treasury Securities. Although China is the largest foreign holder of Treasury Securities, it holds only 6.7 percent of total outstanding Treasuries. U.S. residents are the major holders of U.S. government debt.

**Senator Grassley: Policy Questions for Lael Brainard**

## 1. Trans-Pacific Partnership Agreement

Last week, the President announced that the United States would rejoin the negotiations for a trans-Pacific partnership agreement. I welcomed that announcement. But I think we can and should do more to advance U.S. interests in Asia. Most importantly, we need to implement the Korea trade agreement. The Administration should submit the Korea agreement to Congress for a vote. Do you agree that the United States should implement the Korea agreement as soon as possible?

I agree that we can and should do more to advance U.S. interests in Asia. Trade is an important engine for domestic and global economic growth, and with Asia's rapid growth and large markets, it is vital that we expand our opportunities for trade in Asia. President Obama announced his intention to engage with the Trans Pacific partnership countries "with the goal of shaping a regional agreement that will have broad-based membership and the high standards worthy of a 21st century trade agreement."

The U.S.-Korea free trade agreement (FTA) has the potential to bring significant economic and strategic benefits to both countries. It is my understanding that the Administration is fully committed to developing ideas for how to address the concerns that have been raised about the U.S.-Korea FTA in order to chart a path forward. During his recent trip to Asia, the President reiterated his commitment to work through the issues necessary to move forward on a trade agreement with Korea. If confirmed, I would work closely to support USTR, along with my other interagency colleagues, and Congress to move a strong agreement forward.

## 2. Section 421

Last year, you testified before this Committee that Congress should enact legislation to narrow the scope of the President's discretion in cases brought under Section 421 of the Trade Act of 1974. Given your previous testimony, do you believe Congress should act to narrow President Obama's discretion in such cases?

I put a high priority on the enforcement of our trade laws, including the application of legal safeguards such as the "Section 421" China-specific safeguard. President Obama demonstrated in the sole Section 421 case brought before him, the recent tires decision, that, based on the case's merits, he is willing to use this provision of law in a reasonable and measured way to remedy market disruption and lost jobs in the United States resulting from increased imports from China. President Obama's action differs from that of the previous Administration, which did not act on any of the four cases brought to the President. For that reason and taking into account that this special safeguard provision expires in 2013, such a change of law is arguably unnecessary.

## 3. Trade Policymaking

During the previous Administration, I was concerned at times by the extent to which the Treasury Department inserted itself into trade matters. In my view, the Office of the

United States Trade Representative should have primacy in formulating and executing U.S. trade policy. Do you agree?

I fully support the Office of the U.S. Trade Representative's mandate to lead in the formulation of U.S. trade policy and to be the spokesman for the U.S. Government in trade negotiations with other governments. Should I be confirmed, I would work with my colleagues within the Administration to support their efforts to develop solutions to the trade policy issues facing the United States and help ensure the enforcement of our trade laws. In so doing, I would certainly hope to contribute expertise and analysis from the Treasury Department in support of the interagency process.

#### 4. U.S. Dollar

As you know, there have been calls for a new global currency as an alternative to the US dollar. Officials in China, Russia, and Brazil have expressed support for the idea.

In July, French President Sarkozy said a "multipolar world must be a multicurrency world." What's your reaction to these comments? If confirmed, what will you do to maintain the dollar's leading status?

It is a longstanding policy that only the Secretary of the Treasury discusses dollar policy, and so I must defer specific questions on the dollar to the Secretary. As a general matter, however, the dollar has been the major reserve currency for more than 50 years. The data show no significant diversification of global currency reserves away from the dollar over the past 30 years. The dollar's role reflects enduring features of the U.S. economy, notably its size, openness, deep and liquid financial markets, and sound macroeconomic policies. The dollar's longstanding role as an international currency also reflects a legal system that ensures respect for contracts.

I also support Secretary Geithner's statement that the dollar's role as a reserve currency confers special obligations and responsibility on us as a country. As he noted, we need to sustain confidence in our ability to keep inflation low and stable and to make sure we bring our fiscal position back to a sustainable balance once the economic recovery is assured.

If I am confirmed, I will support the Secretary's efforts in the global arena and advocate domestic policies that will maintain the dollar's global status.

#### 5. International Financial Institutions

On November 17<sup>th</sup>, the World Bank announced a new policy of transparency under which information will be disclosed publicly unless the information is identified on a list of exceptions to the new disclosure policy. This is an important development, but unfortunately it will not become effective until July 1, 2010. I fully support increased transparency and accountability among international financial institutions. If confirmed, will you commit to supporting such efforts on behalf of the United States? What more can be done to improve transparency and accountability at international financial institutions in which the United States participates?

The United States has been a leading advocate for greater transparency at the international financial institutions and, if confirmed, I commit to continue to look for opportunities to increase transparency. The World Bank's new disclosure policy sets a new high bar among MDBs for transparency. If confirmed, I will seek opportunities to emulate these practices in the other MDBs.

At the IMF, the United States strongly supported the 2004 transparency framework that greatly increased publication of IMF Board documents and reports. The U.S. continues to support further progress, both in disclosure of basic surveillance documents and in prompt publication of the Fund Board's minutes. Building the necessary support among the IMF membership for more ambitious reforms of the IMF's transparency policy remains a challenge, and, if confirmed, I will work to continue U.S. leadership on this important issue.

**Senator Grassley: Biographical Questions for Lael Brainard**

1. Regarding property taxes owed on your property in Rappahannock County, Virginia, according to the Rappahannock County Treasurer's office, property tax notices are mailed out in October for the tax for a given year. In the following March notices are sent out to people who have not paid their property taxes for the preceding year.

The copies of billing statements for property taxes you supplied to the Committee appear to have been mailed to you and your husband at your home address in Washington, DC.

For taxes due for years 2005 through 2008, did you receive notices from Rappahannock County that were mailed to your home?

Did you receive any late payment notices from Rappahannock County?

Why were your Rappahannock taxes paid late for years 2005 through 2008?

We have always paid our federal, state, and local income taxes when due. We have also paid all property taxes in full along with any penalties or interest. As explained in responses to Committee staff questions, my husband owned the farm house in Rappahannock County, Virginia before we were married in 1998. My name was not put on the deed until 2004, and my husband has always taken sole responsibility for all property taxes and recordkeeping related to it. These taxes are not escrowed by the bank, and the County relies on a paper system to notify property owners of outstanding taxes. It is not possible to track outstanding payments electronically. For 2006 and 2007, my husband paid the taxes less than a month late, and he has paid the taxes for 2009 in advance. For 2005, he paid taxes in full along with interest of \$121.75 and a penalty of \$308.24. For 2006, he paid taxes in full less than a month late and he paid a penalty of \$481.40. For 2007, he paid taxes in full less than a month late and he paid a penalty of \$489.70. For 2008, he paid taxes in full along with interest of \$410.83 and a penalty of \$498.00. For 2009, he paid taxes in full. For 2005, a payment notice appears to have been mailed to a residence in Alexandria, Virginia that we had left in 2002. The remaining notices appear to have been mailed to the address in Washington where we resided at the time.

2. Question 11 of the Financial Data portion of the "Senate Finance Committee Statement of Information Requested of Nominee" asks, "Were all your Federal, State, local, or other tax returns for the past 10 years current (filed and paid) as of the date of your nomination? If not, provide details." You originally answered this question "Yes."

Please describe what steps you took to ensure accuracy in the answers on the Committee questionnaire?

How did you become aware that you had not paid the 2008 property taxes?

As explained in responses to Committee staff questions, my husband owned the farm house in Rappahannock County, Virginia before we were married in 1998, my name was not put on the deed until 2004, and he has always taken sole responsibility for all property taxes and recordkeeping related to it. As soon as I learned this information about the 2008 property taxes, I disclosed it to Committee staff and revised the Questionnaire. As noted in my response to Committee Staff questions, my accountant first noticed that our 2008 Rappahannock County property tax had not been paid when he was compiling documentation in preparing our income tax returns in September of this year. Our accountant notified my husband, and my husband promptly paid the outstanding balance, penalty and interest. Upon learning of the late payment, I promptly disclosed it to the Committee in a revised Questionnaire.

3. You provided four separate answers to question 10 of the Financial Data portion that asks "Have you paid all Federal, State, local, and other taxes when due (including extensions) for each of the past 10 years? If not, provide details?"

Why did you have to answer this question four separate times?

I modified question 10 in response to questions and suggestions from Committee staff. The answers provided reflected the best information I had available in each instance at the time. As described in question 5 below, my husband owns a Dodge pickup truck at the farm in Rappahannock County that I did not originally include because I have never had responsibility for the pickup truck. In response to Committee staff questions, I modified the question to include information on the Dodge pick up truck to include my husband's payments of a penalty of \$44.12 for the late payment of 2007 personal property tax and to include information on a penalty of \$43.89 and interest of \$4.32 for 2006. As described in question 4 below, I modified question 10 to reflect information on interest and penalties which were the responsibility of and paid by our mortgage company and of which we had not been notified. I also modified it to reflect the information described in question 1 above as soon as I became aware of it.

4. You first disclosed late payments of 2005 and 2006 DC property taxes to the Finance Committee on October 12, 2009. Why were these payments not disclosed previously?

All DC property taxes for which we were directly responsible were paid fully and on time. As detailed in my responses to Committee staff questions, we were initially unaware of the penalties and interest because they were the responsibility of the mortgage company. They appear to have been settled by the mortgage company and, to the best of my knowledge, we did not receive notice. The DC property taxes in question were escrowed by our mortgage company, which was responsible for making the direct tax payments. In the years 2005 and 2006, it appears that our mortgage company failed to make payments on time, and it appears that penalties of \$112.32 in 2005 and \$253.14 in 2006 and interest of \$16.84 in 2005 and \$37.98 in 2006 were settled by a later payment or credit by the mortgage company. As part of the nomination process, we requested real estate tax transcripts known as "Bill Payment Histories" from the DC Office of Tax and Revenue. On May 13, 2009, the DC Office of Tax and Revenue sent two Bill Payment

Histories listing real estate tax transactions for the years September 2003 to May 2009. There are no penalty or interest charges identified on those documents, which were provided to the Committee staff. Only after we asked our accounting firm to investigate every possible source of information on the DC property, were they able to identify the additional information in a sub-worksheet posted on the website of the DC Office of Tax and Revenue, and upon learning of their finding, I promptly notified the Committee staff of this information.

5. In the course of the Committee's vetting of your nomination you supplied several Forms I-9, many of which had irregularities. There is one Form I-9 that has, to quote the Finance Committee memo, "dates that appear to have been written over to change the year." Why does this Form I-9 look this way?

Did you change the Form I-9 at all?

Why are there so many inconsistencies, as outlined in the Finance Committee memo, with your Forms I-9?

The purpose of the Form I-9 is to verify eligibility for lawful employment. For each of the employees that worked with our family, I correctly verified the documentation establishing employment eligibility in accordance with the directions provided in the Form I-9, and as noted in the Committee Staff Memorandum, each of the babysitters employed by our family was either a U.S. citizen or a lawful permanent resident and eligible for employment. The Forms I-9 are retained by the household employer. We work with an accounting firm that provides employment tax services. The accounting firm's procedure is to send blank I-9 and W-4 forms to our home for each new employee. It is our normal practice to complete the forms and send the completed Form I-9 along with the W-4 to the accounting firm for purposes of document retention, while retaining a copy of the documentation in our files for purposes of ascertaining the work authorization expiration date where applicable. In a letter I provided to you on June 4, 2009, which was released by Committee staff, I apologized for errors in the Forms I-9 and noted that I do not know why there appears to be a corrected error in the date on one Form I-9, and that the employee was eligible for employment and the appropriate documentation was verified.

6. Please describe the process you go through whenever you hire a new domestic employee.

Please explain why you were unable to provide a Form I-9 completed at the time of hire of an employee hired in 2008.

Please see the description in question 5 above. Although I was unable to provide one Form I-9 for a babysitter hired in 2008, who is a lawful permanent resident, I provided a copy of the documentation that established that the babysitter was clearly eligible for lawful employment in accordance with the provisions of the Form I-9, and an attestation from the babysitter certifying that I had verified eligibility for employment prior to hiring the babysitter.



7. How did you determine it was appropriate to deduct 1/6 of you household expenses from your partnership income as an office-in-home deduction?

Please provide calculations that show how you arrived at this number.

When you made a calculation, what space in your home did you count as part of the home office and what space did you count for the rest of the house? In other words, what constituted the 1/6 and what constituted the remaining 5/6?

During this time, my husband and I had a small business. Our home office constituted the sole premises for the small business. As explained in our June responses to Committee staff questions, in preparing our income tax returns, our accountant determined that the portion of our former home that was deductible as a home office was 1/6. This calculation was based on the total number of rooms in our former home (two rooms on the third floor, three rooms on the second floor, four rooms on the first floor, one of which large enough to be comparable to two rooms, and two rooms in the basement) and the number of rooms used exclusively for business purposes (two rooms on the third floor). This is considered a "reasonable method of allocation" to determine the business use of a home.

8. Why did you reduce the size of the home office deduction by half, to 1/12, on your 2008 partnership return?

If you believe that a deduction of 1/6 of household expenses is defensible, why didn't you deduct 1/6 of household expenses in 2008?

If you think 1/12 is the correct number, why didn't you amend your 2005, 2006, and 2007 partnership returns?

During this time, my husband and I had a small business. Our home office constituted the sole premises for the small business. As explained in our June 2009 responses to Committee staff questions, our accountant determined that the portion of our former home that was deductible as a home office was 1/6. This calculation was based on the total number of rooms in our home and the number of rooms used exclusively for business purposes. This is considered a "reasonable method of allocation" to determine the business use of a home. Noting that Committee staff asked several questions about the size of the office in home deduction for our 2005, 2006, and 2007 returns, and recognizing that it is permissible to claim less than the full amount of any deduction, we decided to reduce the size of our home office deduction by one half in 2008. We did not amend partnership returns for 2005, 2006 and 2007, because they reflected a reasonable method of allocation for determining the portion of our former home deductible as a home office.

9. Why didn't you ever disclose your late payment of 2006 Rappahannock County Personal Property Taxes to the Finance Committee?

I disclosed my husband's payment of a penalty of \$43.89 and interest of \$4.32 for 2006 on a Dodge pick up truck for which he takes sole responsibility and for which he alone pays taxes as soon as I became aware of it. As explained in question 3 above, I did not realize the Dodge pick up truck that my husband keeps in Rappahannock County, and the tax information was mailed to my husband's post office box in Rappahannock County was relevant for purposes of my taxes. In response to a question from Committee staff, we requested information from the Rappahannock County Treasurer, and I promptly disclosed his late payment on his truck for 2006 to Committee staff in an amended questionnaire.

10. You have stated you were late in making D.C. unemployment insurance payments for household employees "on a number of occasions." Please specify the exact number of occasions and how late each of those payments was.

I disclosed this information in the original Senate Finance Committee Questionnaire I submitted on March 23, 2009 and provided the detailed information you are requesting in response to Committee staff questions on May 4, 2009. The exact number of occasions and the exact payment dates are detailed again in the attached worksheet as requested.

11. Please describe the work done by Campbell & Brainard Associates.

What services do you provide?

Please provide a complete client list for the hearing record.

Please list any government agencies you contacted in any way on behalf of your clients and describe the purpose and results of that contact.

Campbell and Brainard was a small business focused on analysis of international affairs. My husband and I were the sole partners, and there were no additional employees. We each maintained independent projects and clients. I provided commissioned research projects, undertook conference planning and execution, participated in advisory council meetings, and gave speeches and presentations. For 2007 and 2008, my clients were the Aspen Institute, Capital Insights, The Common Fund for NonProfit Organizations Forum, American Wire Producers Association, and the Zurich Financial International Advisory Council. I did not contact any government agencies on behalf of any of my clients.

12. As a nominee, I authorized you to travel several times in your capacity as a Counselor to the Treasury Secretary. I understand you travelled to Scotland earlier this month, to Italy in early October, to Pittsburgh in late September, to London in early September, to Switzerland before that, and to Rome. Please note any official travel not identified.

Please describe the purpose of these trips, explain your activities, and provide itineraries, for the record.

At any time did you take on any duties reserved for Senate confirmed positions?

Please describe the value your presence and advice contributed to each trip.

I undertook official travel only after obtaining authorization from Senate Finance Committee majority and minority staff to do so. The purpose of each trip, the itinerary, and my responsibilities are detailed in the attachment. In each instance, I served as Counselor to the Secretary of the Treasury. I did not take on any duties reserved for Presidentially appointed Senate confirmed positions. In performing my responsibilities as Counselor to the Treasury Secretary, my normal practice has been to make clear I am not confirmed, emphasize my limited role as a Counselor, and emphasize the presence of an appropriate official who officially represents the Treasury Department.

13. Please describe your duties as a Counselor to the Treasury Secretary.  
How long have you been serving in this role?

As Counselor, I have sought to provide advice and support to the Treasury Secretary on international finance and economics during a time of economic hardship for many Americans and stress and uncertainty in global financial markets. I have been serving in this role since March 16, 2009.

14. Please confirm the accuracy of political contributions and amounts as listed on the Finance Committee Questionnaire.

The political contributions and amounts listed on the Finance Committee Questionnaire were taken from the data source FEC.gov <http://fec.gov/finance/disclosure/norindsea.shtml>. The information provided appears to be accurate and consistent with the current information available from that source with the exception of contributions on 1/24/04 and 7/26/04 to John Kerry for President, which were listed at \$500 each, but should have been listed as \$1000 each.

## DC Unemployment Insurance Payments

Year	Qtr	Interest	Penalty	Adm Ass'mt	Date Paid
2005	1	8.90	100.00	0	Aug-05
2005	2	0	0	0	Timely filed
2005	3	0	0	0	Timely filed
2005	4	0.60	100.00	0	Apr-06
2006	1	0	0	9.42	Nov-06
2006	2	0	87.68	0	Nov-06
2006	3	4.81	200.00	11.87	Apr-07
2006	4	8.25	0	9.31	Jul-07
2007	1	2.63	100.00	0	Nov-07
2007	2	0	0	0	Timely filed
2007	3	13.92	65.86	0	Oct-08
2007	4	0	0	0	Timely filed
2008	1	25.25	196.14	0	Nov-08
2008	2	0	0	0	Timely filed
2008	3	0	0	0	Timely filed
2008	4	0	0	0	Timely filed
2009	1	0	0	0	Timely filed
2009	2	0	0	0	Timely filed
2009	3	0	0	0	Timely filed
<b>Total</b>	-	64.36	849.68	30.60	-

**Travel authorized by Senate Finance Committee staff:**

Basel, Switzerland

June 25-28, 2009

Authorized by Senate Finance Committee Staff on June 24, 2009

Purpose: to attend Financial Stability Board and G20 Deputies Meetings in Basel, Switzerland

Delegation led by Acting Assistant Secretary for International Affairs

To provide advice and support to Treasury International Affairs.

London, England

September 3-5, 2009

Authorized by Senate Finance Committee Staff on August 30, 2009

Purpose: to attend G-20 Finance Ministerial in London, UK

Delegation led by Treasury Secretary Geithner

To provide advice and support to Treasury Secretary Geithner.

Pittsburgh, Pennsylvania

September 23-25, 2009

Authorized by Senate Finance Committee Staff on September 17, 2009

Purpose: to attend G-20 Leaders Summit and Deputies Meetings in Pittsburgh, Pennsylvania.

Delegation led by Treasury Secretary Geithner

To provide advice and support to Treasury Secretary Geithner.

Istanbul, Turkey

October 3-7, 2009

Authorized by Senate Finance Committee Staff on September 25 2009

Purpose: to attend G-7 Deputies and Finance Ministers and IMF and World Bank Meetings in Istanbul, Turkey

Delegation led by Treasury Secretary Geithner.

To advise and support Treasury Secretary Geithner

St. Andrews, Scotland

November 5-7, 2009

Authorized by Senate Finance Committee staff on November 5, 2009

Purpose: to attend G-20 Finance Ministerial in St. Andrews, Scotland

Delegation led by Treasury Secretary Geithner

To advise and support Treasury Secretary Geithner.

**Follow-up Questions for Lael Brainard, December 15, 2009 - Senator Chuck Grassley**

- 1) In your response to my initial round of questions, you stated, that as a Counselor to the Treasury Secretary, you "have sought to provide advice and support to the Treasury Secretary on international finance and economics..."

You also stated in response to a question on whether you had taken on duties reserved for Senate confirmed positions, while traveling, that you "emphasize the presence of an appropriate official who officially represents the Treasury Department."

On December 1, 2009, the Associated Press reported on what appears to have been a meeting between yourself and Rintaro Tamaki. The report states that "Japanese Vice Finance Minister for International Affairs Tamaki declined to elaborate on what was talked about with Lael Brainard, nominee for undersecretary of treasury for international affairs, in Washington on Monday, but they apparently discussed the yen's recent surge against the U.S. dollar. Tamaki met Brainard during a brief visit to the U.S. capital, which was primarily to attend a seminar hosted by the International Monetary Fund."

Did this meeting as described by the Associated Press actually occur and who was in the meeting? When did the meeting occur, what was specifically discussed and what was the purpose of the meeting?

If a meeting did occur that you were a part of, please describe your actions in detail and explain how they are consistent with the description of your duties as a Counselor to the Treasury Secretary you have supplied me with.

I participated in a meeting held by Treasury Acting Assistant Secretary for International Affairs, Mark Sobel with Japanese Vice Minister for International Finance Rintaro Tamaki on November 30, 2009 at the Treasury Department. The Treasury Deputy Assistant Secretary for Asian Affairs, Bob Dohner also participated in that meeting.

The purpose of the meeting was to discuss Japan's agenda for the G-20 Finance Ministers process, recent market developments, and plans for participation by the Vice Minister and the Treasury Acting Assistant Secretary in a Seminar hosted by the International Monetary Fund entitled *Restoring Financial Stability – The Legal Response*. I did not participate in the seminar.

My participation in the meeting held by the Acting Assistant Secretary was consistent with my duties to provide advice and support to the Treasury Secretary on international finance and economics. In this meeting, as has been my normal practice, I stated clearly that I am not confirmed, emphasized my limited advisory role as a Counselor, and emphasized that the Acting Assistant Secretary for International Affairs and the Deputy Assistant Secretary for Asian Affairs were the official representatives of the Treasury Department.

## 2) Follow-up to Biographical Question 2.

You state that "my accountant first noticed that our 2008 Rappahannock County property tax had not been paid when he was compiling documentation in preparing our income tax returns in September." If you knew that your 2008 Rappahannock County property taxes had not been paid in September, why did the Committee finally find out on October 12, 2009?

Please describe what steps you took to ensure accuracy in the answers on the Committee questionnaire.

As noted in earlier responses to Committee staff, I did not know that information until mid-October when I promptly informed the Committee. I first learned of the late payment of the 2008 Rappahannock property tax when I contacted my accountant for assistance in providing detailed information about 2005, 2006, and 2007 Rappahannock property taxes in response to a question from Committee staff on October 8th. Upon learning of the late payment from my accountant, I promptly disclosed it to the Committee.

## 3) Follow-up to Biographical Question 7.

In response to my question as to how you determined it was appropriate to deduct 1/6 of your household expenses from your partnership income as an office-in-home deduction, you described an equation that equals 1/6. If you used this equation to determine your office-in-home deduction for years 2005, 2006, and 2007, why were other variations on this response provided to the Committee in 2009? For example, as detailed in the Committee memo, on July 7, 2009, you described an equation that equaled 20%

During this time, my husband and I had a small business. Our home office constituted the sole premises for the small business. As explained in our June responses to Committee staff questions, in preparing our income tax returns, our accountant determined that the portion of our former home that was deductible as a home office was 1/6. This calculation was based on the total number of rooms in our home and the number of rooms used exclusively for business purposes. This is considered a "reasonable method of allocation" to determine the business use of a home.

Committee staff asked a variety of questions relating to information on our former home from a variety of sources including a real estate listing and the DC Treasurer website. In an effort to be fully responsive to Committee staff questions, we provided responses to address these various sources of information. However, we did not believe that 20% of our former home qualified for deductions with respect to our home office.

## 4) Follow-up to Biographical Question 11.

You list the Zurich Financial International Advisory Council as one of your Campbell and Brainard clients. On the Finance Committee Questionnaire, you also disclose a business relationship with the same entity in your capacity as a "Member." Was the possibility of a conflict of interest ever explored as a result of you being a member of this entity while having the same entity as a client?

Please allow me to clear up any confusion. My sole work with Zurich Financial International Advisory Council was as a Member of the Advisory Council, which consisted entirely of participation in Advisory Council meetings and production of a research report for which I was compensated.

- 5) Follow-up to Biographical Question 12.  
Please provide a more detailed account of the meetings you attended and official activities engaged in on all of the travel I authorized.

All travel authorized by Senate Finance Committee staff:

Basel, Switzerland

June 25-28, 2009

Authorized by Senate Finance Committee Staff on June 24, 2009

Purpose: to attend Financial Stability Board and G20 Deputies Meetings in Basel, Switzerland and to provide advice and support to the Treasury Department.

Delegation led by Acting Assistant Secretary for International Affairs.

I attended these meetings with Acting Assistant Secretary for International Affairs and/or senior Treasury officials.

Friday, June 26

10:30 am	Financial Stability Board (FSB) Inaugural Meeting
2:00-6:00	FSB continuation of meeting
7:00 pm	Dinner

Saturday, June 27

8:30-12:00	FSB meeting
------------	-------------

G20-Finance Ministers and Central Bank Governors Deputies Meeting

12:00-12:15	G-20 Opening Remarks
12:15-3:15	Global Economy
3:45-6:15	International Financial Institutions
6:30-8:30	Working Dinner – Road to Pittsburgh Summit

Sunday, June 28

8:30-11:00	Financial Regulation and Market Integrity
11:00-12:00	Climate Change Finance
12:00-12:15	Concluding Remarks

London, England

September 3-5, 2009

Authorized by Senate Finance Committee Staff on August 30, 2009

Purpose: to attend G-20 Finance Ministerial in London, UK and to provide advice and support to Treasury Secretary Geithner.

Delegation led by Treasury Secretary Geithner.

I attended all meetings with Acting Assistant Secretary of International Affairs and/or Treasury Secretary.

Thursday, September 4

9:00 – 4:30	G-20 Deputies Meeting
6:00 – 7:00	Deputies Steering Group Meeting

Friday, September 5

9:00 – 12:30	G-20 Deputies Meeting
12:30 – 1:00	Finance Ministers Meeting w/ UK
2:00 – 10:00	G-20 Deputies



Saturday, September 6  
8:00 – 4:30 G-20 Finance Ministers and Central Bank Governors

Pittsburgh, Pennsylvania

September 23-25, 2009

Authorized by Senate Finance Committee Staff on September 17, 2009

Purpose: to attend G-20 Leaders Summit and Deputies Meetings in Pittsburgh, Pennsylvania and to provide advice and support to Treasury Secretary Geithner.

Delegation led by Treasury Secretary Geithner.

I attended all meetings with Acting Assistant Secretary of International Affairs and/or Treasury Secretary.

Wednesday, September 23

9:00 – 12:00 Finance Deputies Working Session  
12:00 – 2:00 Finance Deputies Working Lunch  
2:00 – 10:00 Finance Deputies

Thursday, September 24

9:00 – 12:30 Finance Deputies Working Session  
1:00 – 7:00 Finance Deputies Working Session  
8:00 – 9:30 Finance Ministers Dinner  
10:00 – 12:00 Finance Deputies Working Session

Friday, September 25

9:30 – 11:30 Leaders Plenary Session I  
12:30 – 2:00 Finance Ministers Lunch  
2:00 – 4:00 Leaders Plenary Session II

Istanbul, Turkey

October 3-7, 2009 Authorized by Senate Finance Committee Staff on September 25 2009 Purpose: to attend G-7 Deputies and Finance Ministers and IMF and World Bank Meetings in Istanbul, Turkey Delegation led by Treasury Secretary Geithner and to advise and support Treasury Secretary Geithner. Attended all meetings with Acting Assistant Secretary of International Affairs or Treasury Secretary or other appropriate senior official Treasury representative.

Saturday, October 3

8:00 – 12:30 G7 Deputies Meeting  
12:45 – 1:00 Finance Ministers Meeting  
1:00 – 2:00 G7 Deputies Meeting  
2:00 – 2:45 Finance Ministers Meeting  
3:00 – 6:00 G7 Ministerial

Sunday, October 4

8:30 – 11:15 Bilateral Meetings accompanying senior Treasury Officials  
12:00 – 1:30 IMFC Finance Ministers Session  
1:45 – 2:30 Food Security Roundtable Discussion  
2:30 – 4:00 Food Security Meetings  
4:40 – 7:00 Bilateral Meetings accompanying senior Treasury Officials  
7:30 – 9:00 Western Hemisphere Finance Ministers

Monday, October 5

8:15 – 9:45 Bilateral Meetings accompanying senior Treasury Officials  
9:45 – 11:00 Development Committee Ministerial

St. Andrews, Scotland

November 5-7, 2009

Authorized by Senate Finance Committee staff on November 5, 2009

Purpose: to attend G-20 Finance Ministerial in St. Andrews, Scotland Delegation led by Treasury Secretary Geithner and to advise and support Treasury Secretary Geithner.

Attended all meetings with Acting Assistant Secretary of International Affairs and/or Treasury Secretary.

Friday, November 6

12:00 – 4:00

Deputies Meeting

4:00 – 4:30

Finance Ministers Bilateral Meeting

6:00 – 12:00

Deputies Meeting

Saturday, November 7

9:00 – 3:00

Finance Ministers and Central Bank Governors

[Additional Question]

**For item 2 of the Dr. Brainard's most recent responses (follow-up to Biographical Question 2), could she please reconcile her earlier answer which is quoted with the new answer? Also, please take into account that the tax in question was paid in September.**

[Original Question]

**Follow-up to Biographical Question 2.**

**You state that "my accountant first noticed that our 2008 Rappahannock County property tax had not been paid when he was compiling documentation in preparing our income tax returns in September." If you knew that your 2008 Rappahannock County property taxes had not been paid in September, why did the Committee finally find out on October 12, 2009?**

**Please describe what steps you took to ensure accuracy in the answers on the Committee questionnaire.**

[Original Answer]

As noted in earlier responses to Committee staff, I did not know that information until mid-October when I promptly informed the Committee. I first learned of the late payment of the 2008 Rappahannock property tax when I contacted my accountant for assistance in providing detailed information about 2005, 2006, and 2007 Rappahannock property taxes in response to a question from Committee staff on October 8th. Upon learning of the late payment from my accountant, I promptly disclosed it to the Committee.

[Additional Answer]

Thank you for the opportunity for clarification of my earlier response. My accountant first noticed that our 2008 Rappahannock County property tax had not been paid in September 2009 when he was compiling documentation in preparation for filing our 2008 tax returns, on extension. Our accountant notified my husband of the outstanding property tax bill, and my husband promptly paid it. I first learned of the late payment of the 2008 Rappahannock property tax when I contacted my accountant for assistance in providing detailed information about 2005, 2006, and 2007 Rappahannock property taxes in response to a question from Committee staff on October 8<sup>th</sup>. Upon learning of the late payment from my accountant, I promptly disclosed it to the Committee.

**QUESTIONS FOR THE RECORD  
FOR LAEL BRAINARD, NOMINEE TO BE TREASURY UNDER  
SECRETARY FOR INTERNATIONAL AFFAIRS AND FOR  
CHARLES COLLYNS, NOMINEE TO BE TREASURY ASSISTANT  
SECRETARY FOR INTERNATIONAL FINANCE**

**Senate Finance Committee Nomination Hearing  
November 20, 2009**

**Senator Bunning: Questions for Lael Brainard and Charles Collins**

Since both of you would deal with exchange rate issues if confirmed, I have several questions related to this area.

A study released in June by the Peterson Institute for International Economics showed the dollar significantly overvalued relative to the currencies of virtually all other major trading countries of the world. On page 9 of that report, the authors concluded that the dollar reverted to a position of considerable overvaluation early in 2009. In their judgment, the bulk of the imbalance underlying the present financial crisis is with Asian countries, particularly China, and these countries need large appreciations of their currencies and strong domestic demand if the world is to achieve macroeconomic balance. By their calculations, the renminbi was undervalued against the dollar as of March 2009 by as much as 40 percent, as compared with 31.5 percent in February 2008 noted in their July 2008 study. The authors also asserted that the United States and China are the only large countries that display large imbalances and pose systemic threats.

1. Bilateral negotiations by the United States with China in recent years and attempts at oversight by the International Monetary Fund have only seen the indebtedness of the United States to foreign creditors grow substantially, largely because China and other Asian countries have continued their policies of not letting the market value their currencies in a realistic and sustainable way. The IMF did not even issue reports in 2007 and 2008 on its surveillance of China for currency manipulation under Article IV of the IMF's Articles of Agreement. Now China is seeking more voting rights at the IMF and is in the process of purchasing more of the IMF's SDRs with some of the \$2 trillion or more that China has amassed in foreign reserves by intervening in the exchange markets and undervaluing the renminbi. How do you believe the problem of fundamentally undervalued exchange rates can be addressed most effectively?

The Treasury Department reviews the currency practices of all of the major trading partners of the United States as part of its statutory obligations under Sections 3004 and 3005 of the Omnibus Trade and Competitiveness Act of 1988. The results of this ongoing review are issued every six months in Treasury's Semi-Annual Report to Congress on International Economic and Exchange Rate Policies. In the most recent Report issued on October 15, Treasury concluded that the Chinese renminbi was

undervalued. It is now clear the undervalued renminbi is impeding global economic rebalancing and putting pressure on other economies, particularly in Asia, to intervene in order to maintain competitiveness.

It is important to address the undervaluation of the renminbi through robust and intensive engagement with China, with forceful and frank discussions of the problems posed to the U.S. economy and global trading system by China's continued intervention in foreign exchange markets and undervalued renminbi. President Obama has made this an important focus in the G-20 Framework for Sustainable and Balanced Growth. Under Secretary Geithner's leadership, this has been, and will continue to be, a principal focus of the Economic Track of the U.S-China Strategic & Economic Dialogue. Secretary Geithner also highlighted the importance of market-oriented exchange rates in APEC. If confirmed, we will continue to use every opportunity, bilaterally, regionally, and multilaterally, to advance currency reform with the most senior economic leaders in China, as President Obama did in his meetings with President Hu on November [16-17]. It is important to hold China's leadership to its stated commitment to move toward a more flexible, market-determined exchange rate, and will push for prompt action to return to a path of renminbi appreciation.

2. What parallels do you see between the competitive currency depreciation that plagued the international community in the 1930s and the fundamental misalignment of so many countries' currencies that is occurring now? What lessons for today can be drawn from that experience and from the efforts undertaken in 1944 at Bretton Woods, New Hampshire, to deter and correct that kind of activity?

The competitive depreciations and use of other protectionist measures were a major problem for the global economic system in the 1930s. The Bretton Woods institutions were created to prevent such a reoccurrence. In contrast to the experience of the 1930s, the current global economic crisis resulted in an unprecedented level of cooperation on the part of the world's leading economies. Through the G-20, countries coordinated a rapid and forceful response to the crisis that included fiscal and monetary policy stimulus, financial repair and reform, and a dramatic increase in the resources available to the IMF to stop the spread of the crisis. This coordinated response worked. Unlike the depression of the 1930s that lasted for over a decade, the global economy is already on a path to recovery.

During the height of the crisis, capital flows to emerging markets contracted and many countries saw an outflow of capital. These outflows put downward pressure on emerging market currencies. Rather than facilitating the depreciation of their currencies to gain competitive advantage, several key emerging markets took steps to limit the extent of depreciation. Korea, for example, spent over \$50 million of its reserves to support the won and Brazil spent nearly \$20 million to support the real.

3. A finding of currency manipulation under present U.S. law and the IMF's Articles of Agreement, if made, would simply trigger talks with the country deemed to be manipulating its currency. Do you think that the IMF can be strengthened in any way

that would enable meaningful enforcement of its members' obligations under Article IV not to prevent effective balance-of-payments adjustment and not to gain unfair competitive advantage by means of currency manipulation?

In June 2007, the IMF Executive Board adopted a new *Decision on Bilateral Surveillance over Members' Policies* as the guiding document on exchange rate surveillance, with strong U.S. support. Since the 2007 Decision, IMF surveillance of exchange rates has improved. The number of Article IV consultations that include clear assessments of the exchange rate's value in relation to economic fundamentals has risen, and the sophistication of IMF exchange rate assessments has improved. However, the IMF still needs to make further progress to better fulfill its core function of independent surveillance of exchange rate policies.

If confirmed, we will continue to work with other shareholders and IMF management to strengthen the Fund's exchange rate surveillance. In particular, we would note the need to improve the candor and transparency of IMF exchange rate assessments. The IMF must strengthen the institutional incentives for frank exchange rate assessments and make staff more accountable for their surveillance conclusions, and we must continue to encourage IMF members to consent to timely Article IV reviews and the publication of their Article IV staff reports.

With respect to China, Managing Director Strauss-Kahn has said repeatedly that the renminbi is substantially undervalued and that greater flexibility is needed.

4. Competitive currency depreciation is a national monetary measure that has enormous international trade implications. It has a direct impact on international trade and investment in proportion to the extent and duration of the depreciation. Therefore, I support legislation to amend our trade laws so that a U.S. domestic industry that can establish it has been injured by low-priced imports from a country with a fundamentally undervalued currency could offset that unfair disadvantage by the imposition of either countervailing or antidumping duties. Fed Chairman Bernanke has observed that undervalued misalignment of currency acts as an export subsidy. Undervalued misalignment also acts as a form of dumping for exports and a barrier against imports. These effects were recognized by the drafters of the General Agreement on Tariffs and Trade and by the drafters of the IMF's Articles of Agreement. The huge current account deficits that the United States has accumulated with China are the proof of these points, as are the shifts in investment, research and development, U.S. jobs and important manufacturing capability from the United States to China. There are solid grounds to support the conclusion that this remedy would be consistent with the World Trade Organization's General Agreement on Tariffs and Trade, Subsidies and Countervailing Measures Agreement, and Antidumping Agreement, as well as with the IMF's Articles of Agreement. This approach could remedy damage done to U.S. interests, even if no intent by the foreign government to manipulate its currency could be demonstrated. This measured approach also could help to deter countries from engaging in the unacceptably mercantilist practice of fundamentally undervaluing their currencies. Please provide your views on whether it would be appropriate to amend U.S. trade laws in this manner.

We share your concern over large international imbalances. If confirmed, we would work with G-20 counterparts to enforce the Framework for Strong, Sustainable, and Balanced Growth and within the Strategic and Economic Dialogue with China in order to construct a more evenly balanced post-crisis global economy where foreign growth is not dependent on the United States as the principal source of demand absorbing other countries' exports.

It is our understanding that the Administration has not taken a position on the proposed *Currency Reform and Fair Trade Act of 2009*. It would be important to ensure that any amendments to our trade laws should be consistent with our international obligations, as well as ensure that there are no adverse effects on the U.S. economy. If confirmed, we would work diligently to pursue policies that permit greater flexibility of the exchange rate and lead to more sustainable and balanced trade and growth.

5. Do you believe the risk that providing trade remedies to counter currency depreciation would lead foreign creditors of the United States like China and Japan to curtail their lending is greater than the risk of continuing on the current path of massive current account deficits and trade distortions with no meaningful deterrent for undervalued currency misalignment?

The U.S. current account deficit has declined from 6.5 percent of GDP in the fourth quarter of 2005 to 2.8 percent in the second quarter of this year. Although some of this reduction may be due to cyclical factors, the U.S. consumer's commitment to increased saving and the Administration's commitment to working with Congress to return the fiscal position to a sustainable path over the medium term, should keep our current account deficit low.

The implementation of the Framework for Strong, Sustained, and Balanced Growth agreed to by the G-20 in Pittsburgh will help reduce global imbalances and currency misalignments. We support the policy of robust engagement with China on currency issues, bilaterally in the U.S. - China Strategic & Economic Dialogue, and through international fora, particularly the G-20.

The United States continues to have the largest, deepest, and most liquid capital markets in the world. These factors, in addition to our legal system that protects property rights and ensures respect for contracts, will continue to attract foreign investment in our economy.

**Opening Statement by Charles Collins**  
**Nominee for Assistant Secretary for International**  
**Finance at the Treasury Department**  
**United States Senate Committee of Finance**  
**November 20, 2009**

Thank you, Chairman Baucus, Senator Grassley and distinguished members of this committee for the opportunity to appear before you today as nominee to be Assistant Secretary for International Finance at the Treasury Department. I would like to thank your staff for meeting with me last week to discuss some of the major international financial issues facing the United States at this most challenging time for the global economy.

I am greatly honored by President Obama's nomination for this position, and deeply grateful to Secretary Geithner for recommending me to the President.

I am also deeply grateful to my family for their strong support. Most importantly, my wife Myriam and my two daughters Carmen and Isabel have provided encouragement and love as I have sought to apply myself to public service. I am very proud of their accomplishments. Myriam came to this country from Bolivia to pursue her graduate studies and made a successful career as a translator and editor as well as nurturing her family. Carmen is now a senior at Harvard University and Isabel is a sophomore at the Wharton School of the University of Pennsylvania. I would also like to recognize my parents, who came to this country from England many years ago enticed by the opportunities and ideals that it offered. They went as far as to name each of their six sons after great American leaders—I myself proudly carry the middle name of "Adlai" after an earlier inspirational leader from Illinois, Adlai Stevenson.

Mr. Chairman and Ranking Member Grassley, I welcome this opportunity, if confirmed, to serve our country and to join such a distinguished and talented team at the Treasury Department. I have worked over 25 years in the International Monetary Fund after completing my doctorate at Oxford University, and have gained long experience in dealing with the full range of international economic issues. During the 1980s I was involved in the IMF's efforts to deal with the Latin American debt crisis. During the 1990s I worked mainly with Asian countries grappling with their own decade of crisis, and then in the early part of this decade returned to Latin America at another difficult time for the continent. Most recently I have led the team preparing the IMF's World Economic Outlook report, and I have thus been deeply involved with the Fund's work to understand and respond to the recent global crisis.



If confirmed by the Senate, I would be greatly honored to serve my country at this very challenging time. The swift and strong response by policy makers in the United States, working closely with counterparts in major partner countries around the world, has helped stabilize the global economy following the financial crisis, and restarted growth.

A recovery is now underway but it is essential to build on this progress to ensure future sustained, strong and balanced growth and robust jobs creation. Achieving this end will require determined, well-directed and concerted policymaking by the United States and its main partners. The Treasury Department will be called on to play a key part in leading these global efforts, and I would strive to contribute to ensuring success for this important task.

If confirmed, I promise to apply myself fully and to the best of my ability to justify your trust and confidence. Thank you for allowing me to appear before you today, and I would be pleased to answer any questions.

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

**A. BIOGRAPHICAL INFORMATION**

1. Name: (Include any former names used.)

**Charles Valentine Adlai Collins**

2. Position to which nominated:

**Assistant Secretary for International Finance, U.S. Department of Treasury**

3. Date of nomination:

**October 5, 2009**

4. Address: (List current residence, office, and mailing addresses.)

5. Date and place of birth:

**New York, NY, February 14, 1956**

6. Marital status: (Include maiden name of wife or husband's name.)

7. Names and ages of children:

8. Education: (List secondary and higher education institutions, dates attended, degree received, and date degree granted.)

**Marlborough College, 1969-73**  
**Cambridge University, 1974-78, Bachelor of Arts 1978**  
**Oxford University, 1978-81. M. Phil in Economics, 1980, D. Phil in Economics, 1982**

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

**Shell International Petroleum Company, London, United Kingdom, 1978**  
**Position held: Assistant Economist**

**International Monetary Fund, Washington DC, 1981-present**

**Positions held:**

**Economist, Western Hemisphere Department, 1981-1986**  
**Senior Economist, Western Hemisphere Department, 1986-1989**  
**Senior Economist, Exchange and Trade Relations Department, 1989-1990**  
**Assistant to the Director, Policy Development and Review Department, 1990**  
**Deputy Division Chief, Policy Development and Review Department, 1991**  
**Division Chief, Policy Development and Review Department, 1992-1993**  
**Resident Representative in India, Asia Department, 1993-1994**  
**Division Chief, Asia Department, 1994-1996**  
**Assistant Director, Asia Department, 1996-1999**  
**Senior Advisor, Asia Department, 1999-2001**  
**Senior Advisor, Western Hemisphere Department, 2001-2003**  
**Deputy Director, Western Hemisphere Department, 2003-2006**  
**Deputy Director, Research Department, 2006-present**

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

**None**

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

**None**

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

**Purchas Society, Treasurer, 1974-76**  
**Art Society of the IMF, Vice President, 1982-89**  
**Corazon-a-Corazon, Treasurer, 1999-2001**  
**Marylebone Cricket Club, 1985-present**  
**Bretton Woods Recreation Center, 1995-present**

13. Political affiliations and activities:

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

**None**

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

**None**

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

**Andrew Thompson, Marin County Supervisor, \$200, 2000**  
**Obama for America \$50, 2008**

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

**Exhibitioner and Scholar of St. John's College, Cambridge, 1975-78**  
**George Webb Medley Prize for Best Economics Thesis for M. Phil, Oxford University, 1980**

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

***Can Protection Cure Unemployment?* Thames Essay No. 31, Trade Policy Research Centre (1982)**

**"Alternatives to Central Banks in Developing Economies," *Finance and Development*, December 1982**

"On the Monetary Analysis of an Open Economy," *IMF Staff Papers*, Vol. 30, No. 2 (June 1983)

*Alternatives to the Central Bank in the Developing World*, IMF Occasional Paper No. 20 (July 1983)

"Financial Super Markets in the United States: the Transformation of the Financial System," *Finance and Development* (with Yusuke Horiguchi), March 1984

"The Cost of Trade Restraints: the Case of Japanese Automobile Exports to the United States" (with Steven Dunaway), *IMF Staff Papers*, Vol. 34, No. 1 (March 1987)

*International Capital Markets: Developments and Prospects* (contributor), IMF World Economic and Financial Surveys series, April 1990

*Private Market Financing for Developing Countries* (editor), IMF World Economic and Financial Surveys series, December 1992

*Developing Country Access to Private Capital Flows* (with S. Ishii, R. Johannes, K. Jun, and S. Prowse), Joint Issues Paper presented to 46<sup>th</sup> Meeting of the Development Committee, May 1993

*Restructuring of Commercial Bank Debt by Developing Countries: Lessons from Recent Experience* (with Mohamed A. El-Erian), PPAA/93/7, July 1993

*India: Economic Reform and Growth* (with Ajai Chopra, Richard Hemming and Karen Parker), IMF Occasional Paper No. 134 (1995)

*Post-Bubble Blues – How Japan Responded to Asset Price Collapse* (edited with Tam Bayoumi), International Monetary Fund (2000)

"Lending Booms, Real Estate Bubbles, and the Asia Crisis," with Abdelhak Senhadji, in *Asset Price Bubbles – the Implications for Monetary, Regulatory and International Policies* edited by W.C. Hunter, G. Kaufman, and Michael Pomerleano, MIT Press (2003)

*Managing Financial Crises – Recent Experience and Lessons for Latin America*, edited with Russell Kincaid, IMF Occasional Paper 217 (2003)

*Stabilization and Reform in Latin America – A Macroeconomic Perspective on the Experience since the Early 1990s* (with Anoop Singh and others), IMF Occasional Paper 238, (January 2005)

"Latin America's Resurgence," with Anoop Singh, *Finance and Development*, Vol. 42, No. 4, (December 2005)

"*The Crisis Through the Lens of History*", *Finance and Development*, Vol.45, No. 4 (December 2008)

"*In Search of a Smoking Gun: Macroeconomic Policy and the Crisis*", paper prepared for G-20 Working Group, (with Hamid Faruquee, Alasdair Scott, and Natalia Tamirisa), May 2009.

*World Economic Outlook* (editor and contributor), IMF World Economic and Financial Surveys, September 2006-April 2009.

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

**Below is a listing of my presentations, mainly on global economy (2006-present) and Latin America (2004-2006). I can provide PowerPoint slides but I have no formal text.**

New York Bank Economists Meeting, New York, May 2009  
 GBN in Conversation, San Francisco, April 2009  
 Stanford Business School, Palo Alto, April 2009  
 G-24 Deputies, Washington DC, April 2009  
 Council of Institutional Investors, Washington DC, April 2009  
 Chatham House, London, United Kingdom, November 2008  
 Higher School of Economics, Moscow, Russia, October 2008  
 Central Bank Conference, Lima, Peru, June 2008  
 World Trade Organization, Geneva, Switzerland, May 2008  
 ICMB Conference, Geneva, Switzerland, May 2008  
 Vietnam Economists Association, Hanoi, Vietnam, April 2008  
 ASEM Finance Deputies Meeting, Seoul, Korea, June 2007  
 Business Society of Shanghai, Shanghai, China, April 2007  
 Mumbai Chamber of Commerce, Mumbai, India, April 2007  
 Public Debt Managers' Forum, Cairo, Egypt, February 2007  
 Central Bank of Chile Seminar, Santiago, Chile, November 2006  
 Higher School of Economics, Moscow, Russia, October 2006  
 Sloan Latin America Conference, Cambridge MA, March 2006  
 Brazil Conference, Washington DC, November 2005  
 IMF/ECLAC Conference, Santiago, Chile, May 2005  
 JP Morgan Investor Seminar, Washington DC, October 2004

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

**I have extensive experience with global economic and financial developments and issues from work at the IMF. In my current position as Deputy Director of the Research Department, I am responsible for IMF's multilateral surveillance and World Economic Outlook (WEO) report. Key tasks include ensuring that the IMF's assessment of the global economy and policy advice stay abreast with the rapidly evolving global economic situation, and effectively communicating the IMF's assessment to the official sector (through surveillance reports to the G-7, G-20 etc) and to the broader public (through the World Economic Outlook report). I have in-depth knowledge of Latin America and Asia, as well as the US economy from previous assignments at the Fund. I have high professional standing and strong expertise and training in international economics, as demonstrated by my publication record in this field. I have extensive experience working closely with senior officials at the highest level of government in a wide range of countries, through direct interactions during IMF country assessments, in negotiating lending programs, for example in my work on Brazil, and in participating in conferences and meetings at the IMF, OECD and elsewhere. I have extensive experience with public speaking and handling media contacts, particularly in my recent work on the WEO. I also have broad experience as senior manager at the IMF handling complex projects, managing large departments, and participating in interdepartmental committees and working groups.**

**B. FUTURE EMPLOYMENT RELATIONSHIPS**

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

**Yes, I am resigning from my position at the IMF and will be taking early retirement and will hence continue to participate in the IMF's defined benefit pension plan, as stated in my SF-278 and covered by my ethics agreement.**

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

**No**

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

No

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

Yes

**C. POTENTIAL CONFLICTS OF INTEREST**

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

**In connection with the nomination process, I have consulted with the Office of Government Ethics and the Treasury Department's designated agency ethics official to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Department's designated agency ethics official and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.**

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

**In connection with the nomination process, I have consulted with the Office of Government Ethics and the Treasury Department's designated agency ethics official to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Department's designated agency ethics official and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.**

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

None

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



In connection with the nomination process, I have consulted with the Office of Government Ethics and the Treasury Department's designated agency ethics official to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Department's designated agency ethics official and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

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

**N/A**

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

**D. LEGAL AND OTHER MATTERS**

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

**No**

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

**No**

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

**No**

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

**No**

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

**None**

**E. TESTIFYING BEFORE CONGRESS**

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

**Yes**

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

**Yes**

**QUESTIONS FOR THE RECORD  
FOR LAEL BRAINARD, NOMINEE TO BE TREASURY UNDER  
SECRETARY FOR INTERNATIONAL AFFAIRS AND FOR  
CHARLES COLLYNS, NOMINEE TO BE TREASURY ASSISTANT  
SECRETARY FOR INTERNATIONAL FINANCE**

**Senate Finance Committee Nomination Hearing  
November 20, 2009**

**Senator Bunning: Questions for Lael Brainard and Charles Collyns**

Since both of you would deal with exchange rate issues if confirmed, I have several questions related to this area.

A study released in June by the Peterson Institute for International Economics showed the dollar significantly overvalued relative to the currencies of virtually all other major trading countries of the world. On page 9 of that report, the authors concluded that the dollar reverted to a position of considerable overvaluation early in 2009. In their judgment, the bulk of the imbalance underlying the present financial crisis is with Asian countries, particularly China, and these countries need large appreciations of their currencies and strong domestic demand if the world is to achieve macroeconomic balance. By their calculations, the renminbi was undervalued against the dollar as of March 2009 by as much as 40 percent, as compared with 31.5 percent in February 2008 noted in their July 2008 study. The authors also asserted that the United States and China are the only large countries that display large imbalances and pose systemic threats.

1. Bilateral negotiations by the United States with China in recent years and attempts at oversight by the International Monetary Fund have only seen the indebtedness of the United States to foreign creditors grow substantially, largely because China and other Asian countries have continued their policies of not letting the market value their currencies in a realistic and sustainable way. The IMF did not even issue reports in 2007 and 2008 on its surveillance of China for currency manipulation under Article IV of the IMF's Articles of Agreement. Now China is seeking more voting rights at the IMF and is in the process of purchasing more of the IMF's SDRs with some of the \$2 trillion or more that China has amassed in foreign reserves by intervening in the exchange markets and undervaluing the renminbi. How do you believe the problem of fundamentally undervalued exchange rates can be addressed most effectively?

The Treasury Department reviews the currency practices of all of the major trading partners of the United States as part of its statutory obligations under Sections 3004 and 3005 of the Omnibus Trade and Competitiveness Act of 1988. The results of this ongoing review are issued every six months in Treasury's Semi-Annual Report to Congress on International Economic and Exchange Rate Policies. In the most recent Report issued on October 15, Treasury concluded that the Chinese renminbi was

undervalued. It is now clear the undervalued renminbi is impeding global economic rebalancing and putting pressure on other economies, particularly in Asia, to intervene in order to maintain competitiveness.

It is important to address the undervaluation of the renminbi through robust and intensive engagement with China, with forceful and frank discussions of the problems posed to the U.S. economy and global trading system by China's continued intervention in foreign exchange markets and undervalued renminbi. President Obama has made this an important focus in the G-20 Framework for Sustainable and Balanced Growth. Under Secretary Geithner's leadership, this has been, and will continue to be, a principal focus of the Economic Track of the U.S-China Strategic & Economic Dialogue. Secretary Geithner also highlighted the importance of market-oriented exchange rates in APEC. If confirmed, we will continue to use every opportunity, bilaterally, regionally, and multilaterally, to advance currency reform with the most senior economic leaders in China, as President Obama did in his meetings with President Hu on November [16-17]. It is important to hold China's leadership to its stated commitment to move toward a more flexible, market-determined exchange rate, and will push for prompt action to return to a path of renminbi appreciation.

2. What parallels do you see between the competitive currency depreciation that plagued the international community in the 1930s and the fundamental misalignment of so many countries' currencies that is occurring now? What lessons for today can be drawn from that experience and from the efforts undertaken in 1944 at Bretton Woods, New Hampshire, to deter and correct that kind of activity?

The competitive depreciations and use of other protectionist measures were a major problem for the global economic system in the 1930s. The Bretton Woods institutions were created to prevent such a reoccurrence. In contrast to the experience of the 1930s, the current global economic crisis resulted in an unprecedented level of cooperation on the part of the world's leading economies. Through the G-20, countries coordinated a rapid and forceful response to the crisis that included fiscal and monetary policy stimulus, financial repair and reform, and a dramatic increase in the resources available to the IMF to stop the spread of the crisis. This coordinated response worked. Unlike the depression of the 1930s that lasted for over a decade, the global economy is already on a path to recovery.

During the height of the crisis, capital flows to emerging markets contracted and many countries saw an outflow of capital. These outflows put downward pressure on emerging market currencies. Rather than facilitating the depreciation of their currencies to gain competitive advantage, several key emerging markets took steps to limit the extent of depreciation. Korea, for example, spent over \$50 million of its reserves to support the won and Brazil spent nearly \$20 million to support the real.

3. A finding of currency manipulation under present U.S. law and the IMF's Articles of Agreement, if made, would simply trigger talks with the country deemed to be manipulating its currency. Do you think that the IMF can be strengthened in any way

that would enable meaningful enforcement of its members' obligations under Article IV not to prevent effective balance-of-payments adjustment and not to gain unfair competitive advantage by means of currency manipulation?

In June 2007, the IMF Executive Board adopted a new *Decision on Bilateral Surveillance over Members' Policies* as the guiding document on exchange rate surveillance, with strong U.S. support. Since the 2007 Decision, IMF surveillance of exchange rates has improved. The number of Article IV consultations that include clear assessments of the exchange rate's value in relation to economic fundamentals has risen, and the sophistication of IMF exchange rate assessments has improved. However, the IMF still needs to make further progress to better fulfill its core function of independent surveillance of exchange rate policies.

If confirmed, we will continue to work with other shareholders and IMF management to strengthen the Fund's exchange rate surveillance. In particular, we would note the need to improve the candor and transparency of IMF exchange rate assessments. The IMF must strengthen the institutional incentives for frank exchange rate assessments and make staff more accountable for their surveillance conclusions, and we must continue to encourage IMF members to consent to timely Article IV reviews and the publication of their Article IV staff reports.

With respect to China, Managing Director Strauss-Kahn has said repeatedly that the renminbi is substantially undervalued and that greater flexibility is needed.

4. Competitive currency depreciation is a national monetary measure that has enormous international trade implications. It has a direct impact on international trade and investment in proportion to the extent and duration of the depreciation. Therefore, I support legislation to amend our trade laws so that a U.S. domestic industry that can establish it has been injured by low-priced imports from a country with a fundamentally undervalued currency could offset that unfair disadvantage by the imposition of either countervailing or antidumping duties. Fed Chairman Bernanke has observed that undervalued misalignment of currency acts as an export subsidy. Undervalued misalignment also acts as a form of dumping for exports and a barrier against imports. These effects were recognized by the drafters of the General Agreement on Tariffs and Trade and by the drafters of the IMF's Articles of Agreement. The huge current account deficits that the United States has accumulated with China are the proof of these points, as are the shifts in investment, research and development, U.S. jobs and important manufacturing capability from the United States to China. There are solid grounds to support the conclusion that this remedy would be consistent with the World Trade Organization's General Agreement on Tariffs and Trade, Subsidies and Countervailing Measures Agreement, and Antidumping Agreement, as well as with the IMF's Articles of Agreement. This approach could remedy damage done to U.S. interests, even if no intent by the foreign government to manipulate its currency could be demonstrated. This measured approach also could help to deter countries from engaging in the unacceptably mercantilist practice of fundamentally undervaluing their currencies. Please provide your views on whether it would be appropriate to amend U.S. trade laws in this manner.

We share your concern over large international imbalances. If confirmed, we would work with G-20 counterparts to enforce the Framework for Strong, Sustainable, and Balanced Growth and within the Strategic and Economic Dialogue with China in order to construct a more evenly balanced post-crisis global economy where foreign growth is not dependent on the United States as the principal source of demand absorbing other countries' exports.

It is our understanding that the Administration has not taken a position on the proposed *Currency Reform and Fair Trade Act of 2009*. It would be important to ensure that any amendments to our trade laws should be consistent with our international obligations, as well as ensure that there are no adverse effects on the U.S. economy. If confirmed, we would work diligently to pursue policies that permit greater flexibility of the exchange rate and lead to more sustainable and balanced trade and growth.

5. Do you believe the risk that providing trade remedies to counter currency depreciation would lead foreign creditors of the United States like China and Japan to curtail their lending is greater than the risk of continuing on the current path of massive current account deficits and trade distortions with no meaningful deterrent for undervalued currency misalignment?

The U.S. current account deficit has declined from 6.5 percent of GDP in the fourth quarter of 2005 to 2.8 percent in the second quarter of this year. Although some of this reduction may be due to cyclical factors, the U.S. consumer's commitment to increased saving and the Administration's commitment to working with Congress to return the fiscal position to a sustainable path over the medium term, should keep our current account deficit low.

The implementation of the Framework for Strong, Sustained, and Balanced Growth agreed to by the G-20 in Pittsburgh will help reduce global imbalances and currency misalignments. We support the policy of robust engagement with China on currency issues, bilaterally in the U.S. - China Strategic & Economic Dialogue, and through international fora, particularly the G-20.

The United States continues to have the largest, deepest, and most liquid capital markets in the world. These factors, in addition to our legal system that protects property rights and ensures respect for contracts, will continue to attract foreign investment in our economy.

*United States Senate  
Committee on Finance*



*Sen. Chuck Grassley • Iowa  
Ranking Member*

Opening Statement of Senator Chuck Grassley  
Treasury Department Nomination Hearing  
Friday, Nov. 20, 2009

The nominees we will hear from today deal with different but important policy areas within the Department of the Treasury.

As Assistant Secretary for Financial Markets, Ms. Mary Miller's portfolio would include the Federal debt and Federal government credit policies. Given the likelihood that the administration will need to increase the Federal debt limit, it is important that we get a handle on the deficit and how we fund it.

Mr. Charles Collyns, if confirmed as a Deputy Under Secretary, would report to the Under Secretary for International Affairs, which is the third position we will examine today.

These positions are crucial for advising the Treasury Secretary and assisting to develop international policy pertaining to international monetary affairs, trade policy, international debt strategy, and other policy areas. Ideally, the Under Secretary for International Affairs will have an eye for detail and the personal integrity to represent our nation well in dealings across the world.

In what seems to be a frequent occurrence for the current administration, in this nomination hearing the Finance Committee will also be examining issues discovered during the Committee due diligence and vetting process. Over the course of the past several months, majority and minority staffs have been examining a series of issues pertaining to Lael Brainard, nominated to be Under Secretary for International Affairs at the Treasury Department.

On Wednesday of this week, a memo with attachments was released that details those issues that the Chairman and myself thought obligated to disclose to the whole Committee and to the public. I do not intend to examine each of those issues in detail at this time, but ask unanimous consent that the memo with attachments be printed in the record of this hearing.

I want to again state that the investigation of Dr. Brainard was consistent with longstanding Committee practice. Every nominee who passes through this Committee undergoes a tax vetting,

but it is not a tax audit that the IRS would conduct. The purpose of the Committee vetting process is not to slow down the nomination process, and is not to deliberately look for problems.

Although the process for vetting Finance Committee nominees has remained the same for the nearly nine years I've been either chairman or ranking member, the bar has definitely been lowered with this administration's nominees, in regard to tax compliance. Starting with Secretary Geithner's \$48,000 tax problem, we've seen a growing list of nominees who have had problems paying taxes, paying them on time, using credible valuations for deductions and accepting responsibility for all the above. Prior to this administration, we had never seen nominees with more than \$100,000 tax problems, or the inability to accurately respond to committee questionnaires multiple times, or the lack of straight answers from nominees.

What most people don't understand is that there were a number of Bush nominees with lesser tax-related problems than some of the ones we've seen this year who never made it out of committee. Most of them never even got a hearing. But, you didn't hear about it, because we were all obligated not to talk about it. And because that information is confidential, and, we play by the rules here, you won't hear about it in detail now. At times, we offered to let the nominee go forward if they were willing to make all of the facts public. But, in each of those cases, I told the Bush administration that I would not defend that nominee's actions, and not one of them moved forward. There was at least one instance where I was willing to move forward, but the other side was not, so that nominee didn't move.

More ominously, we've seen what I believe to be political operatives from outside the Senate leak what had been considered confidential information in the past. It's almost as if some of these nominations have taken on a political campaign. And, what has really gotten ugly is the fact that these political operatives are targeting our committee staffs, putting disinformation out into the public. I saw one of the administration's lawyers who helped with one of the early nominations this year quoted in the press recently saying our process is out of control and that it amounts to an IRS audit. Well, that person is not in a position to know all of the facts associated with nominees and potential nominees over the last nine years. That critic cannot and does not have access to those files and has no history with this process in the last decade, and he just doesn't know what he's talking about.

The fact of the matter is I'm concerned about what's been going on this year. Anyone watching this process closely now knows that a nominee can get away with not paying taxes, or consistently pay them months late, or not follow normal procedures and still be confirmed. All they have to do is blame it on their incompetent accountant, their spouse, or computer software or hardware.

Compliance with tax laws should not be a political issue, but in the current climate it seems as if the law applies to different people in different ways. I'm shocked at the attitude that has been shown by some when these issues come to light. Being nominated to a powerful position by the President is not an award and it does not entitle anyone to special treatment.

Rather, I would hope that presidential nominees would feel some sense of honor with regard to their own behavior and would see themselves as at the very least bound by the same legal



obligations as their fellow citizens who are not as powerful or well-connected. We do not need anyone so badly in the Federal government that we allow them to live by their own set of rules.

I'm laying this out on the table now because given what is now going on, I'm not sure it's worth our time, or our staffs' time, to even be asking these questions anymore. It just hasn't mattered, except for one case this year where a nominee voluntarily withdrew even after nearly all of the majority side publicly said all was forgiven and he should be confirmed.

One committee member was particularly critical of the bipartisan staffs' vetting work the other day. I'd say to that member or any of the other critics, do you think vetting nominees for public policy positions dealing with the taxpayers' hard-earned money should be superficial? Should we simply, like a matador, say "ole" and not examine nominees' financial statements or tax returns? Is that an appropriate way to go?

So, the chairman is not here right now, due to the sad situation regarding his mother. But, I intend to discuss this whole process with him going forward.

**MEMORANDUM FOR FINANCE COMMITTEE MEMBERS**

From: Senate Finance Committee Staff

Date: November 18, 2009

Re: Lael Brainard Nomination

---

This memo describes the results of the Senate Finance Committee staff review of the 2005, 2006, 2007 and 2008 tax returns and other documentation of Lael Brainard in connection with her March 23, 2009 nomination to be the Under Secretary of the Treasury for International Affairs.

Background

Finance Committee staff has conducted a routine review of Ms. Brainard's Senate Finance Committee Questionnaire, her tax returns for 2005, 2006, 2007 and 2008, and her financial disclosure statements. As part of this review, a due diligence meeting was held with the nominee and her tax return preparer on May 28, 2009. Staff has submitted at least 10 rounds of questions in order to obtain complete, accurate and consistent answers from the nominee. The nominee has provided at least 11 rounds of responses. Speculation in the media that consideration of Ms. Brainard's nomination has been treated inconsistently with Committee procedures is unfounded and not accurate. Three issues have been identified as a result of these actions that have been determined appropriate to bring to the attention of Committee members.

Senate Finance Committee Questionnaire (Real Estate, Personal Property and Unemployment Insurance Taxes)

The Senate Finance Committee Statement of Information Requested of Nominee (Questionnaire), Part F. Financial Data, Question 10, asks, "Have you paid all Federal, State, local, and other taxes when due (including extensions) for each of the past 10 years? If not, provide details." Ms. Brainard disclosed on her original Questionnaire, dated April 13, 2009, that she made several late payments to the District of Columbia for unemployment insurance for household employees; that all payments, including applicable late fees and penalties, were made; and that she is current on all payments. No other late payments were identified by the nominee.

During the course of the review of Ms. Brainard's tax returns, Committee staff asked the nominee to provide "substantiation of real property billings and payments" for two plots of land in Rappahannock County, Virginia owned by the nominee and her husband. Information provided to the Committee on June 1, 2009 showed that the real estate taxes on this property for years 2005, 2006, and 2007 all were paid late. Five payments were less than one month late; five other payments ranged from one month to thirteen months late. Interest in the amount of \$121.75 and penalties totaling \$1,279.34 were paid in connection with these late payments. An additional receipt supplied by the nominee indicated late payment for 2007 of a tangible personal property tax on a vehicle; a penalty of \$44.12 was paid in connection with that tax. See Attachment A for an analysis of these amounts.

On June 3, 2009, the Committee asked Ms. Brainard for a revised response to Part F. Question 10 of the Questionnaire to reflect the late payments, interest and penalties that had been identified. The revised response submitted by the nominee on June 4, 2009 acknowledged the late payments and disclosed payment of \$121.75 in interest and only \$626.41 in penalties. The revision did not disclose the late payment of the 2007 tangible personal property tax or the associated penalty. Upon being advised that the Questionnaire still was incorrect, the nominee submitted another revised Questionnaire on October 12, 2009. The October 12, 2009 revision disclosed additional late payments of taxes to the District of Columbia made by the nominee's mortgage company in 2005 and 2006 that she stated her preparer learned from the DC tax office's website (the DC tax receipts previously submitted to the Committee did not include any indications that amounts had been paid late). In addition, a late payment of 2008 Rappahannock County real property taxes, with a penalty in the amount of \$498.00 and interest in the amount of \$410.83, also was newly disclosed on the October 12, 2009 revision.

On November 5, 2009, the nominee was asked whether all Rappahannock County personal property taxes were timely paid for 2005, 2006 and 2008. As a result of the examination of public records, the Committee independently determined that Rappahannock County personal property taxes were not timely paid for 2006. The nominee responded on November 12, 2009 that these taxes were not timely paid for 2006, and submitted a fourth version of the Questionnaire on November 12, 2009 disclosing the late payment, including interest in the amount of \$4.32 and penalties in the amount of \$48.32. See Attachments B1 through B4.

The Senate Finance Committee Statement of Information Requested of Nominee (Questionnaire), Part F. Financial Data, Question 11, asks, "Were all your Federal, State, local, and other tax returns and tax liabilities current (filed and paid) as of the date of your nomination. If not, provide details." The nominee responded, "Yes." Ms. Brainard was nominated on March 23, 2009. The October 12, 2009 revised response to Question 10 of the Committee Questionnaire stated that the 2008 Rappahannock personal property taxes were paid late, and the receipts provided confirmed that the 2008 taxes, due December 5, 2008, were not paid until September 17, 2009. Ms. Brainard acknowledged in her November 12, 2009 response to the Committee that the taxes were paid late, explaining that she was not aware of the outstanding tax bill when she submitted her Committee Questionnaire in April, 2009, that her husband has always paid property taxes on the Rappahannock property, that her accountant first noticed that the 2008 taxes were not timely paid when he was compiling data to prepare her 2008 individual tax return, and that upon notification the nominee promptly submitted an amended Question 10 to the Committee reflecting this information. The nominee has submitted a corrected response for Question 11 of the Committee Questionnaire to clarify that all of her taxes were not up-to-date at the time her nomination was announced. See Attachment C1.

Ms. Brainard also submitted two corrected responses for Question 9 of the Questionnaire to indicate the late filing of the District of Columbia unemployment insurance returns associated with the late payment of unemployment insurance taxes. See Attachments C1 and C2.

#### Forms I-9, Employment Eligibility Verification

The nominee has employed several household employees since 2005. Form I-9, Employment Eligibility Verification, is required to document that each new employee is authorized to work in the United States. The employee section must be completed no later than the time of hire and the employer section must be completed within three business days of the

time of hire and then retained by the employer. According to the Forms I-9 submitted to the Committee by the nominee, all of the employees were U.S. citizens or lawful permanent residents legally eligible to work in the United States. The I-9s contain the following irregularities:

- 1) One form on which the employee signature is dated 5/18/07 and the employer signature date is 04/17/09 (Attachment D).
- 2) Two different I-9 forms for the same employee on which the employee signatures do not match, with one of the signatures appearing to be the nominee's (Attachments E and F).
- 3) Dates that appear to have been written over to change the year (Attachment F).
- 4) One form containing the nominee's signature but the nominee's spouse's name in the employer certification section (Attachment G).
- 5) One form where the employee section has been filled out and signed but the employer section is blank (Attachment H).
- 6) Two forms with time lapses of 32 days and 65 days, respectively, between the date of the employee's signature and the nominee's signature as employer (Attachments G and I).

The nominee was asked by Committee staff about the Forms I-9 during the due diligence meeting. Ms. Brainard stated her general practice was to notify her accountant when she was going to hire a new employee and the accountant would send Forms W-4 and I-9 to her. The nominee stated she would return the forms to her accountant after they were filled out. She stated she did not think there would be a situation when an I-9 was not secured contemporaneously with the hiring of an employee. When further questioned about irregularities with the I-9s the accountant asked to speak with her alone and when the meeting resumed both stated they had no more information to provide pertaining to the I-9s. Subsequent to the due diligence meeting, the nominee has responded to written questions from the Committee regarding the Forms I-9.

Ms. Brainard was asked to provide a written statement to the Chairman and Ranking Member to explain the irregularities. A statement was submitted by the nominee on June 4, 2009. See Attachment J.

On October 13, 2009 the nominee voluntarily submitted additional information to the Committee identifying another household employee who was hired in 2008, including an affidavit confirming that the legal status of the employee had been substantiated at the time of hire and copies of the documents that were reviewed. The nominee stated that she and her husband followed the Employment Eligibility Verification Form I-9 and obtained copies of the appropriate documentation establishing the employee's legal status and eligibility to work. The nominee responded to the Committee on October 29, 2009 that she believes an I-9 was completed at the time of hire but that her accountant had not yet tracked down the associated Form I-9 in his files. In response to an inquiry from Committee staff, the nominee explained the accounting firm has changed recordkeeping procedures since the time the other Forms I-9 were submitted to the Committee and her preparer has been unable to locate a copy of the recently hired employee's I-9 in the new system.

### Office-in-Home

Ms. Brainard deducted 1/6, or 16.7 %, of her household expenses from her partnership income as an office-in-home deduction (\$13,091, \$14,518 and \$14,703 in 2005, 2006 and 2007, respectively). Committee staff asked the nominee several times to substantiate 1/6 s an accurate percentage of space and were provided inconsistent information. External information from the DC Treasurer's website and the MLS listing for the nominee's home that was for sale at the time was considered during this process.

Meeting between nominee and her accountant and Committee staff, May 28: The office-in-home deduction became an issue when a general question was asked about the deduction and staff was told that 1/6 of space was used, the space had not been measured, and storage space for books and papers on the second floor and in the basement was considered in the estimated percentage of 16.7%. The nominee says that the comparable rooms method was used; staff notes state this method was not used. The nominee was advised by staff that storage space for books and papers is not allowable space and was asked to provide the total square footage of her home and the office square footage.

Written answers received from nominee on June 1 in response to questions from May 28 meeting with Committee: The response on the preparer's letterhead provided several square footage numbers, including finished areas of the main floor and any finished areas above the main floor (2490), total square feet with the addition of the 3<sup>rd</sup> floor (3211), total office space (465, included in 3<sup>rd</sup> floor) and total additional storage (240). These measurements include basement storage space and do not include the total amount of finished basement space. The response noted that these estimates would yield an estimate of the office-in-home space of 21.9% counting storage space and the office space, but that the business percentage reported was 16.7%.

Written answers received from nominee on June 25 in response to questions from Senator Grassley sent on June 19: Ms. Brainard explained that her accountant determined the 16.7% office-in-home based on the number of rooms used for business compared to the total number of rooms in the home, but did not provide details of the computation. The response cited IRS Publication 587 as support for the percentage, which says "any reasonable method of allocation" is allowable and cites two commonly used methods, including the total rooms method, which the nominee states was used on the return. Staff notes from the due diligence meeting on May 28, 2009 state the rooms method was not used.

The nominee stated that if storage space were not counted, the office-in-home percentage based on square footage would be 18.6% (this assumes total square footage of 2490, the space shown on the DC Treasurer's website, which was not updated to reflect the addition of the third floor office space of 465 square feet).

Written answers received from nominee on July 7 in response to questions from Senator Grassley sent on July 6: Ms. Brainard stated that to reach the 16.7%, the numerator included 2 rooms (the 3<sup>rd</sup> floor office space) and the denominator included 10 rooms, including one room in the basement (2/10 = 20%). The nominee stated that the basement was counted as part of the home and restated that her measurement of total square footage was 3211. Based on the June 25 response, the 3211 figure includes basement storage space. The nominee reiterated her statement made during the due diligence meeting that there was storage space on the second floor and in

the basement. Ms. Brainard repeated written statements that the total rooms method was used to determine the office-in-home deduction when the tax return was filed.

Written answers received from nominee on July 31 in response to questions from Senator Grassley sent on July 17: The nominee described the square footage of the rooms she said were considered in determining the 16.7% office-in-home. The rooms were of the following square footage: 255 and 210 (office); and 340, 169, 130, 200, 399, 340, 169, 324 (other). The nominee stated the 324 square foot room was the basement recreation room and that these measurements do not include bathrooms, hallways and storage spaces. IRS Publication 587 requires the rooms to be approximately the same size to use this method of determining office-in-home percentage.

The nominee again stated that the home was 3211 square feet in size, including the basement, all storage spaces, finished rooms, bathrooms and hallways; however, using data provided by the nominee, staff has identified at least 3619 square feet in the home counting the basement recreation room with 324 square feet and in-law suite with 84 square feet.

On October 29, 2009, the nominee stated that because Committee staff had asked questions regarding the size of the office-in-home deduction for the 2005, 2006 and 2007 returns, the nominee and her husband decided to reduce the size of the home office deduction on their 2008 partnership return by half, to 1/12. The reduced percentage was claimed on an amended partnership return. In response to questions dated November 5, 2009, the nominee told staff on November 12, 2009 that prior year partnership returns have not been amended because they “reflected a reasonable method of allocation for determining the portion of our former home deductible as a home office.”



Attachment B-1  
Dated April 13, 2009

9. Have you filed all Federal, State, local, and other tax returns when due (including extensions) for each of the past 10 years? If not, provide details.

Yes.

10. Have you paid all Federal, State, local, and other taxes when due (including extensions) for each of the past 10 years? If not, provide details.

I have paid all my federal taxes on time. On a number of occasions between March 31, 2005 and March 31, 2008, I was late in making Washington, D.C. unemployment insurance payments for household employees. On those occasions when I submitted my payments late, I paid all applicable late fees and penalties. I am current on all payments.

11. Were all your Federal, State, local, and other tax returns and tax liabilities current (filed and paid) as of the date of your nomination. If not, provide details.

Yes.



Attachment B-2  
Received June 4, 2009

**10. Have you paid all Federal, State, local, and other taxes when due (including extensions) for each of the past 10 years? If not, provide details.**

I have paid all my federal taxes on time. On a number of occasions between March 31, 2005 and March 31, 2008, I was late in making Washington, D.C. unemployment insurance payments for household employees. On those occasions when I submitted my payments late, I paid all applicable late fees and penalties. I am current on all payments. Additionally, in 2005, 2006, and 2007, our real property tax payments were submitted late in Rappahannock County, Virginia. On those occasions when our real property tax payments were submitted late, we paid all applicable penalties and interest. In 2005, for the real property in Rappahannock County \$121.75 in interest was charged and a penalty of \$231.44 was charged. In 2006, there was a penalty of \$283.08 charged. In 2007, there was a penalty of \$111.89 charged. We are current on all payments now.

Attachment B-3  
Received October 12, 2009

**10. Have you paid all Federal, State, local, and other taxes when due (including extensions) for each of the past 10 years? If not, provide details.**

I have paid all my federal taxes and state and local income taxes on time. However, on a number of occasions between March 31, 2005 and March 31, 2008, I was late in making Washington, D.C. unemployment insurance payments for household employees. On those occasions when I submitted my payments late, I paid all applicable late fees and penalties. I am current on all payments. My husband pays all of our property taxes and in 2005, 2006, 2007, and 2008, our real property tax payments were submitted late in Rappahannock County, Virginia. On those occasions when our real property tax payments were submitted late, we paid all applicable penalties and interest at that time. In my amended version of this question I had incorrectly compiled the total amount of penalties imposed and paid. The correct numbers are: in 2005, for the real property in Rappahannock County \$121.75 in interest was charged and a penalty of \$308.24 was charged; in 2006, there was a penalty of \$481.40 charged; in 2007, there was a penalty of \$489.70 charged; and in 2008 there was a penalty of \$498.00 and interest of \$410.83. Also, in 2007, a penalty of \$44.12 was assessed on the late filing of tangible personal property tax on a Dodge truck. All penalties and interest were paid. Additionally, in 2005 and 2006, real property taxes to the District of Columbia were paid late. In 2005, there were penalties of \$112.32 and interest of \$16.84. In 2006, there were penalties of \$253.14 and interest of \$37.98.

Attachment B-4  
Received November 12, 2009

**10. Have you paid all Federal, State, local, and other taxes when due (including extensions) for each of the past 10 years? If not, provide details.**

I have paid all my federal taxes and state and local income taxes on time. However, on a number of occasions between March 31, 2005 and March 31, 2008, I was late in making Washington, D.C. unemployment insurance payments for household employees. On those occasions when I submitted my payments late, I paid all applicable late fees and penalties. I am current on all payments. My husband pays all of our property taxes and in 2005, 2006, 2007, and 2008, our real property tax payments were submitted late in Rappahannock County, Virginia. On those occasions when our real property tax payments were submitted late, he paid all applicable penalties and interest. For the real property in Rappahannock County, he paid \$121.75 in interest and a penalty of \$308.24 for 2005; a penalty of \$481.40 for 2006; a penalty of \$489.70 for 2007; and a penalty of \$498.00 and interest of \$410.83 for 2008. With regard to tangible personal property tax on a Dodge truck in Rappahannock County, my husband paid a penalty of \$43.89 and interest of \$4.32 for 2006, and a penalty of \$44.12 for 2007. Additionally, our mortgage company paid our real property taxes to the District of Columbia late in 2005 and 2006. Our mortgage company paid penalties of \$112.32 and interest of \$16.84 for 2005 and penalties of \$253.14 and interest of \$37.98 for 2006.

Attachment C-1  
Received November 12, 2009

**Amendments to Brainard Senate Finance Committee Questionnaire**

- 9. Have you filed all Federal, State, local, and other tax returns when due (including extensions) for each of the past 10 years? If not, provide details.**

Yes, except that as noted in my response to Question 10, below, on a number of occasions between March 31, 2005 and March 31, 2008, I was late in making Washington, D.C. unemployment insurance payments for household employees. On those occasions when I submitted my payments late, I paid all applicable late fees and penalties. I am current on all payments.

- 11. Were all your Federal, State, local, and other tax returns and tax liabilities current (filed and paid) as of the date of your nomination. If not, provide details.**

As of the date of my nomination, I was not aware that Rappahannock County real estate tax for 2008 was outstanding. In mid-October 2009, I learned that my husband had paid the Rappahannock County 2008 property tax bill late, in September 2009. Upon learning this, I submitted a revised Questionnaire reflecting this information to Committee staff on October 13, 2009. We were current on all other Federal, State, local, and other tax returns and tax liabilities as of the date of my nomination.

Attachment C-2  
Received November 16, 2009

**Additional revision to Questionnaire**

- 9. Have you filed all Federal, State, local, and other tax returns when due (including extensions) for each of the past 10 years? If not, provide details.**

Yes, except as noted in my response to Question 10, on a number of occasions between March 31, 2005 and March 31, 2008, I was late in filing my Washington, D.C. unemployment insurance for our household employees. On those occasions when I filed late, I paid all applicable late fees and penalties at that time. I am current on all payments.

Attachment D

Department of Homeland Security  
U.S. Citizenship and Immigration Services

CMB No. 1615-0047, Expires 03/31/07

Employment Eligibility Verification

Please read instructions carefully before completing this form. The instructions must be available during completion of this form. ANTI-DISCRIMINATION NOTICE: It is illegal to discriminate against work eligible individuals. Employers CANNOT specify which document(s) they will accept from an employee. The refusal to hire an individual because of a future expiration date may also constitute illegal discrimination.

Section 1. Employee Information and Verification. To be completed and signed by employee at the time employment begins.

Print Name: Last	First	Middle Initial	Maiden Name
Address (Street Name and Number)		Apt. #	Date of Birth (month/day/year)
City	State	Zip Code	Social Security #

I am aware that federal law provides for imprisonment and/or fines for false statements or use of false documents in connection with the completion of this form.

I attest, under penalty of perjury, that I am (check one of the following):  
 A citizen or national of the United States  
 A Lawful Permanent Resident (Alien #) A \_\_\_\_\_  
 An alien authorized to work until \_\_\_\_\_  
(Alien # or Admission #) \_\_\_\_\_

Employee's Signature: \_\_\_\_\_ Date (month/day/year) 4/12/07

Preparer and/or Translator Certification. (To be completed and signed if Section 1 is prepared by a person other than the employee.) I attest, under penalty of perjury, that I have assisted in the completion of this form and that to the best of my knowledge the information is true and correct.

Preparer's/Translator's Signature \_\_\_\_\_ Print Name \_\_\_\_\_  
Address (Street Name and Number, City, State, Zip Code) \_\_\_\_\_ Date (month/day/year) \_\_\_\_\_

Section 2. Employer Review and Verification. To be completed and signed by employer. Examine one document from List A OR examine one document from List B and one from List C, as listed on the reverse of this form, and record the title, number and expiration date, if any, of the document(s).

List A	OR	List B	AND	List C
Document Title: <u>US Passport</u>		<u>VA DL</u>		
Issuing authority: <u>Natl Passport Center</u>		<u>exp</u>		
Document #: _____				
Expiration Date (if any): _____				
Document #: _____				
Expiration Date (if any): _____				

CERTIFICATION - I attest, under penalty of perjury, that I have examined the document(s) presented by the above-named employee, that the above-listed document(s) appear to be genuine and to relate to the employee named, that the employee began employment on (month/day/year) \_\_\_\_\_ and that to the best of my knowledge the employee is eligible to work in the United States. (State employment agencies may omit the date the employee began employment.)

Signature of Employer or Authorized Representative \_\_\_\_\_ Print Name Kurt M. Campbell Title \_\_\_\_\_  
Business or Organization Name \_\_\_\_\_ Address (Street Name and Number, City, State, Zip Code) 1101 Western Ave NW DC 20015 Date (month/day/year) 04/17/07

Section 3. Updating and Reverification. To be completed and signed by employer.

A. New Name (if applicable) \_\_\_\_\_ B. Date of Rehire (month/day/year) (if applicable) \_\_\_\_\_  
C. If employee's previous grant of work authorization has expired, provide the information below for the document that establishes current employment eligibility: Document Title: \_\_\_\_\_ Document #: \_\_\_\_\_ Expiration Date (if any): \_\_\_\_\_

I attest, under penalty of perjury, that to the best of my knowledge, this employee is eligible to work in the United States, and if the employee presented document(s), the document(s) I have examined appear to be genuine and to relate to the individual.

Signature of Employer or Authorized Representative \_\_\_\_\_ Date (month/day/year) \_\_\_\_\_

NOTE: This is the 1991 edition of the Form I-9 that has been rebranded with a current printing date to reflect the recent transition from the INS to DHS and its components. Form I-9 (Rev. 05/31/05) Page 2

Attachment E

U.S. Department of Justice Immigration and Naturalization Service OMB No. 1115-0155 Employment Eligibility Verification

Please read instructions carefully before completing this form. The instructions must be available during completion of this form. ANTI-DISCRIMINATION NOTICE. It is illegal to discriminate against work eligible individuals. Employers CANNOT specify which document(s) they will accept from an employee. The refusal to hire an individual because of a future expiration date may also constitute illegal discrimination.

Section 1. Employee Information and Verification. To be completed and signed by employee at the time employment begins

Print Name: Last, First, Middle Initial, Maiden Name
Address (Street Name and Number), Apt. #, Date of Birth (month/day/year)
City, State, Zip Code, Social Security #

I am aware that federal law provides for imprisonment and/or fines for false statements or use of false documents in connection with the completion of this form. I attest, under penalty of perjury, that I am (check one of the following):
A citizen or national of the United States
A Lawful Permanent Resident (Alien # A
An alien authorized to work until / / (Alien # or Admission #

Employee's Signature, Date (month/day/year) 8/27/04

Preparer and/or Translator Certification. (To be completed and signed if Section 1 is prepared by a person other than the employee.) I attest, under penalty of perjury, that I have assisted in the completion of this form and that to the best of my knowledge the information is true and correct.

Preparer's/Translator's Signature, Print Name, Address (Street Name and Number, City, State, Zip Code), Date (month/day/year)

Section 2. Employer Review and Verification. To be completed and signed by employer. Examine one document from List A OR examine one document from List B AND one from List C as listed on the reverse of this form and record the title, number and expiration date, if any, of the document(s)

Table with columns: List A, OR, List B, AND, List C. Rows: Document title, Issuing authority, Document #, Expiration Date (if any).

CERTIFICATION - I attest, under penalty of perjury, that I have examined the document(s) presented by the above-named employee, that the above-listed document(s) appear to be genuine and to relate to the employee named, that the employee began employment on (month/day/year) 8/17/04 and that to the best of my knowledge the employee is eligible to work in the United States. (State employment agencies may omit the date the employee began employment).

Signature of Employer or Authorized Representative, Print Name, Title, Business or Organization Name, Address (Street Name and Number, City, State, Zip Code), Date (month/day/year)

Section 3. Updating and Reverification. To be completed and signed by employer.

A. New Name (if applicable), B. Date of rehire (month/day/year) (if applicable)

C. If employee's previous grant of work authorization has expired, provide the information below for the document that establishes current employment eligibility. Document Title, Document #, Expiration Date (if any)

I attest, under penalty of perjury, that to the best of my knowledge, this employee is eligible to work in the United States, and if the employee presented document(s), the document(s) I have examined appear to be genuine and to relate to the individual.

Signature of Employer or Authorized Representative, Date (month/day/year)

Attachment F

Department of Homeland Security  
U.S. Citizenship and Immigration Services

OMB No. 1615-0047; Expires 06/30/08  
Form I-9, Employment  
Eligibility Verification

Please read instructions carefully before completing this form. The instructions must be available during completion of this form.

**ANTI-DISCRIMINATION NOTICE:** It is illegal to discriminate against work eligible individuals. Employers CANNOT specify which document(s) they will accept from an employee. The refusal to hire an individual because the documents have a future expiration date may also constitute illegal discrimination.

**Section 1. Employee Information and Verification.** To be completed and signed by employee at the time employment begins.

Print Name: Last [REDACTED]	First [REDACTED]	Middle Initial [REDACTED]	Maiden Name [REDACTED]
Address (Street Name and Number) [REDACTED]		Apt. # [REDACTED]	Date of Birth (month/day/year) [REDACTED]
City [REDACTED]	State [REDACTED]	Zip Code [REDACTED]	Social Security # [REDACTED]

I am aware that federal law provides for imprisonment and/or fines for false statements or use of false documents in connection with the completion of this form.

I attest, under penalty of perjury, that I am (check one of the following):  
 A citizen or national of the United States  
 A lawful permanent resident (Alien #) A [REDACTED]  
 An alien authorized to work until (Alien # or Admission #) [REDACTED]

Employee's Signature [REDACTED] Date (month/day/year) 7/21/07

**Preparer and/or Translator Certification.** (To be completed and signed if Section 1 is prepared by a person other than the employee.) I attest, under penalty of perjury, that I have assisted in the completion of this form and that to the best of my knowledge the information is true and correct.

Preparer's/Translator's Signature [REDACTED]	Print Name [REDACTED]
Address (Street Name and Number, City, State, Zip Code) [REDACTED]	
Date (month/day/year) [REDACTED]	

**Section 2. Employer Review and Verification.** To be completed and signed by employer. Examine one document from List A OR examine one document from List B and one from List C, as listed on the reverse of this form, and record the title, number and expiration date, if any, of the document(s).

List A	OR	List B	AND	List C
Document title: Permanent Resident		MD Driver License		[REDACTED]
Issuing authority: DHS		DNA, MD		[REDACTED]
Document #: [REDACTED]		[REDACTED]		[REDACTED]
Expiration Date (if any): [REDACTED]		[REDACTED]		[REDACTED]
Document #: [REDACTED]		[REDACTED]		[REDACTED]
Expiration Date (if any): [REDACTED]		[REDACTED]		[REDACTED]

**CERTIFICATION** - I attest, under penalty of perjury, that I have examined the document(s) presented by the above-named employee, that the above-listed document(s) appear to be genuine and to relate to the employee named, that the employee began employment on (month/day/year) 10/15/07 and that to the best of my knowledge the employee is eligible to work in the United States. (Some employment specialties may limit the date the employee began employment.)

Signature of Employer or Authorized Representative [REDACTED]	Print Name Lael Brainerd	Title [REDACTED]
Business or Organization Name and Address (Street Name and Number, City, State, Zip Code) Household Employee		Date (month/day/year) 7/21/07

**Section 3. Updating and Reverification.** To be completed and signed by employer.

A. New Name (if applicable) [REDACTED] B. Date of Return (month/day/year) (if applicable) [REDACTED]

C. If employer's previous grant of work authorization has expired, provide the information below for the document that establishes current employment eligibility.

Document Title: [REDACTED]	Document #: [REDACTED]	Expiration Date (if any): [REDACTED]
I attest, under penalty of perjury, that to the best of my knowledge, this employee is eligible to work in the United States, and if this employee presented document(s), the document(s) I have examined appear to be genuine and to relate to the individual.		
Signature of Employer or Authorized Representative [REDACTED]	Date (month/day/year) [REDACTED]	



Attachment G

U.S. Department of Justice  
Immigration and Naturalization Service

Form No. 1115-0135  
Employment Eligibility Verification

Please read instructions carefully before completing this form. The instructions must be available during completion of this form. ANTI-DISCRIMINATION NOTICE: It is illegal to discriminate against work eligible individuals. Employers CANNOT specify which document(s) they will accept from an employee. The refusal to hire an individual because of a future expiration date may also constitute illegal discrimination.

Section 1. Employee Information and Verification. To be completed and signed by employee at the time employment begins

Print Name - Last	First	Middle Initial	Maiden Name
Address (Street Name and Number)		Apt. #	Date of Birth (month/day/year)
City	State	Zip Code	Social Security #

I am aware that federal law provides for imprisonment and/or fines for false statements or use of false documents in connection with the filing of this form.

I attest, under penalty of perjury, that I am (check one of the following):  
 A citizen or national of the United States  
 A Lawful Permanent Resident (Alien # A \_\_\_\_\_)  
 An alien authorized to work until \_\_\_\_\_ (Alien # or Admission # \_\_\_\_\_)

Employee's Signature \_\_\_\_\_ Date (month/day/year) 3/5/07

Preparer and/or Translator Certification. (To be completed and signed if Section 1 is prepared by a person other than the employee.) I attest, under penalty of perjury, that I have assisted in the completion of this form and that to the best of my knowledge the information is true and correct.

Preparer's/Translator's Signature	Print Name
Address (Street Name and Number, City, State, Zip Code)	
Date (month/day/year)	

Section 2. Employer Review and Verification. To be completed and signed by employer. Examine one document from List A OR examine one document from List B and one from List C as listed on the reverse of this form and record the title, number and expiration date, if any, of the document(s)

List A	OR	List B	AND	List C
Document title: <u>US Passport</u>		_____	_____	_____
Issuing authority: <u>Charleson Passpo</u>		_____	_____	_____
Document #: _____		_____	_____	_____
Expiration Date (if any): _____		____/____/____	____/____/____	____/____/____
Document #: _____		_____	_____	_____
Expiration Date (if any): ____/____/____		____/____/____	____/____/____	____/____/____

CERTIFICATION - I attest, under penalty of perjury, that I have examined the document(s) presented by the above-named employee, that the above-listed document(s) appear to be genuine and to relate to the employee named, that the employee began employment on (month/day/year) 4/16/07 and that to the best of my knowledge the employee is eligible to work in the United States. (State employment agencies may omit the date the employee began employment).

Signature of Employer or Authorized Representative	Print Name	Title
Business or Organization Name	Address (Street Name and Number, City, State, Zip Code)	Date (month/day/year)
<u>Household Employer</u>	<u>7101 Western Ave</u>	<u>4/16/07</u>

Section 3. Updating and Reverification. To be completed and signed by employer

A. New Name (if applicable)	B. Date of rehire (month/day/year) (if applicable)
C. If employee's previous grant of work authorization has expired, provide the information below for the document that establishes current employment eligibility.	
Document Title: _____	Document #: _____
Expiration Date (if any): ____/____/____	

I attest, under penalty of perjury, that to the best of my knowledge, this employee is eligible to work in the United States, and if the employee presented document(s), the document(s) I have examined appear to be genuine and to relate to the individual.

Signature of Employer or Authorized Representative	Date (month/day/year)
--	-----------------------

Attachment H

U.S. Department of Justice Immigration and Naturalization Service OMB No. 1115-0126 Employment Eligibility Verification

Please read instructions carefully before completing this form. The instructions must be available during completion of this form. ANTI-DISCRIMINATION NOTICE. It is illegal to discriminate against work eligible individuals. Employers CANNOT specify which document(s) they will accept from an employee. The refusal to hire an individual because of a future expiration date may also constitute illegal discrimination.

Section 1. Employee Information and Verification. To be completed and signed by employee at the time employment begins.

Form with fields for Print Name (Last, First, Middle Initial, Maiden Name), Address (Street Name and Number, Apt. #, City, State, Zip Code), Date of Birth (month/day/year), Social Security #, and Employee's Signature. Includes a declaration: 'I attest, under penalty of perjury, that I am (check one of the following): A citizen or national of the United States, A Lawful Permanent Resident (Alien # A), or An alien authorized to work until (Alien # or Admission #)'. Date field contains 8-24-04.

Preparer and/or Translator Certification. (To be completed and signed if Section 1 is prepared by a person other than the employee.) I attest, under penalty of perjury, that I have assisted in the completion of this form and that to the best of my knowledge the information is true and correct.

Preparer's/Translator's Signature, Print Name, and Date (month/day/year) fields.

Section 2. Employer Review and Verification. To be completed and signed by employer. Examine one document from List A OR examine one document from List B and one from List C as listed on the reverse of this form and record the title, number and expiration date, if any, of the document(s).

Table with columns for List A, List B, and List C. Rows include Document title, Issuing authority, Document #, and Expiration Date (if any). A vertical bar separates List A from Lists B and C.

CERTIFICATION - I attest, under penalty of perjury, that I have examined the document(s) presented by the above-named employee, that the above-listed document(s) appear to be genuine and to relate to the employee named, that the employee began employment on (month/day/year) and that to the best of my knowledge the employee is eligible to work in the United States. (State employment agencies may omit the date the employee began employment).

Signature of Employer or Authorized Representative, Print Name, Title, Business or Organization Name, Address (Street Name and Number, City, State, Zip Code), and Date (month/day/year) fields.

Section 3. Updating and Reverification. To be completed and signed by employer

A. New Name (if applicable) and B. Date of rehire (month/day/year) (if applicable) fields.

C. If employee's previous grant of work authorization has expired, provide the information below for the document that establishes current employment eligibility.

Document Title, Document #, Expiration Date (if any), and Signature of Employer or Authorized Representative fields.

Attachment I

U.S. Department of Justice  
Immigration and Naturalization Service

OMB No. 1115-0138  
Employment Eligibility Verification

Please read instructions carefully before completing this form. The instructions must be available during completion of this form. **ANTI-DISCRIMINATION NOTICE.** It is illegal to discriminate against work eligible individuals. Employers **CANNOT** specify which document(s) they will accept from an employee. The refusal to hire an individual because of a future expiration date may also constitute illegal discrimination.

**Section 1. Employee Information and Verification.** To be completed and signed by employee at the time employment begins

Print Name: Last	First	Middle Initial	Maiden Name
Address (Street Name and Number)			Date of Birth (month/day/year)
City		State	Zip Code
Social Security			

I am aware that federal law provides for imprisonment and/or fines for false statements or use of false documents in connection with the completion of this form.

I attest, under penalty of perjury, that I am (check one of the following):  
 A citizen or national of the United States  
 A Lawful Permanent Resident (Alien # A)  
 An alien authorized to work until (Alien # or Admission #) \_\_\_\_\_

Employee's Signature: \_\_\_\_\_ Date (month/day/year): 06/27/06

Preparer and/or Translator Certification. (To be completed and signed if Section 1 is prepared by a person other than the employee.) I attest, under penalty of perjury, that I have assisted in the completion of this form and that to the best of my knowledge the information is true and correct.

Preparer's/Translator's Signature: \_\_\_\_\_ Print Name: \_\_\_\_\_  
 Address (Street Name and Number, City, State, Zip Code): \_\_\_\_\_ Date (month/day/year): \_\_\_\_\_

**Section 2. Employer Review and Verification.** To be completed and signed by employer. Examine one document from List A OR examine one document from List B and one from List C as listed on the reverse of this form and record the title, number and expiration date, if any, of the document(s)

List A	OR	List B	AND	List C
Document title: _____		<u>Driver's License</u>		<u>Social Security</u>
Issuing authority: _____		<u>MD DMV</u>		<u>Social Security Admin</u>
Document #: _____		_____		_____
Expiration Date (if any): <u> / /</u>		_____		<u> / /</u>
Document #: _____		_____		_____
Expiration Date (if any): <u> / /</u>		_____		_____

**CERTIFICATION** - I attest, under penalty of perjury, that I have examined the document(s) presented by the above-named employee, that the above-listed document(s) appear to be genuine and to relate to the employee named, that the employee began employment on (month/day/year) 06/18/06 and that to the best of my knowledge the employee is eligible to work in the United States. (State employment agencies may omit the date the employee began employment).

Signature of Employer or Authorized Representative: \_\_\_\_\_ Print Name: Paul Brainerd Title: VP + Director  
 Business or Organization Name: Harold Employer Address (Street Name and Number, City, State, Zip Code): 7101 Western Avenue, N.W. DC 20015 Date (month/day/year): 08/31/06

**Section 3. Updating and Reverification.** To be completed and signed by employer

A. New Name (if applicable) \_\_\_\_\_ B. Date of rehire (month/day/year) (if applicable) \_\_\_\_\_

C. If employee's previous grant of work authorization has expired, provide the information below for the document that establishes current employment eligibility.  
 Document Title: \_\_\_\_\_ Document #: \_\_\_\_\_ Expiration Date (if any):  / /

I attest, under penalty of perjury, that to the best of my knowledge, this employee is eligible to work in the United States, and if the employee presented document(s), the document(s) I have examined appear to be genuine and to relate to the individual.

Signature of Employer or Authorized Representative: \_\_\_\_\_ Date (month/day/year): \_\_\_\_\_

## Attachment J

June 4, 2009

The Honorable Max Baucus  
 United States Senate  
 511 Hart Senate Office Building  
 Washington, D.C. 20510

Dear Senator Baucus:

Thank you for providing me the opportunity to respond to your questions concerning the Forms I-9 for my family's household employees. I would like to assure you that all of my family's household employees were either US citizens or had legal permanent resident status. By way of background, my husband and I employ a tax preparer who assists us in complying with the legal requirements for household employers. We requested that the tax preparer send a Form I-9 and a Form W-4 whenever we contemplated hiring a household employee. To the best of our recollection, the Forms I-9 were completed on or close to the date of hire of each employee and mailed back to our tax preparer. We do not have verification of the date that the forms were transmitted.

It does not appear that I filled out information in Section 1 of the Forms I-9 for [REDACTED] and [REDACTED]. It appears that I filled out the address in Section 1 of the Form I-9 for [REDACTED] but [REDACTED] signed the form. It appears that I filled out the address in Section 1 of the Form I-9 for [REDACTED] dated 10/15/07, but [REDACTED] signed the form. It appears that I filled out the address in Section 1 of Form I-9 for [REDACTED] dated 8/27/04 and erroneously signed Section 1.

Please allow me to respond to your specific questions about my family's household employees:

[REDACTED] worked as a household employee from August 27, 2004 to December 15, 2005 and was rehired October 15, 2007. There are two I-9 forms for this reason. On the 2004 Form I-9 for [REDACTED], I erroneously signed Section 1. However, Ms. [REDACTED] signed Section 1 of the 2007 Form I-9. I do not know why there appears to be a corrected error in the date on this document. Please allow me to apologize for all errors on my part.

[REDACTED] The discrepancy between the signature dates in Section 1 and Section 2 of the Form I-9 appears to be an error. [REDACTED] was employed in 2007. Additionally, I agree that my signature was on the form but my husband's name was in the "Print Name" box. However, it is my signature and I can attest that I did verify her identity. Please allow me to apologize for these errors in filling out these forms.

[REDACTED] To the best of our recollection, the difference of slightly over one month between the date [REDACTED] signed the Form I-9 Section 1 and the Section 2 signature date appears to be because [REDACTED] completed the Form I-9 in advance of finalizing her employment terms. On this form, my signature was on the form but my husband's name was in the "Print Name"

box. However, it is my signature and I can attest that I did verify her identity. Please allow me to apologize for these errors in filling out these forms.

I hope you will find this letter fully responsive to your questions. Please accept my sincere apologies for the errors in filling out the Forms 1-9.

Sincerely,

Lael Brainard

A handwritten signature in black ink, appearing to read 'Lael Brainard', with a stylized flourish at the end.

Identical Letter sent to: Ranking Member Chuck Grassley

**Statement of John F. Kerry**  
**Finance Committee Hearing on Nominations**  
**November 20, 2009**

Mr. Chairman, I am pleased that we are holding a hearing on the nomination of Dr. Lael Brainard to be Under Secretary of the Treasury for International Affairs. This is a vital role and it is important that we fill this position during this time of immense global challenges. Dr. Brainard is highly qualified and we are fortunate that a candidate of her quality is willing to serve.

Dr. Brainard attended Wesleyan University before receiving a Master's and Doctorate in Economics from Harvard University. She is the recipient of a White House Fellowship and Council on Foreign Relations Fellowship. During the Clinton Administration, Dr. Brainard served as Deputy National Economic Adviser and Chair of the Deputy Secretaries Committee on International Economics. Prior to joining the Clinton Administration, she was an associate professor at the MIT Sloan School. She currently serves as Vice President and Founding Director of the Global Economy and Development Program at the Brookings Institution.

During her tenure with the Clinton Administration, Dr. Brainard faced global economic challenges, including the Asian Finance crisis, the Mexican financial crisis, and China's entry to the World Trade Organization. She helped shape the 2000 G8 Development Summit that for the first time included leaders of the poorest nations and laid foundations for the Global Fund to fight AIDS, TB, and Malaria.

Over the years, Dr. Brainard has written extensively on international economic issues. In recent years, she has focused on the links between U.S. competitiveness and climate change policy. As we address climate changes issues, it will be helpful to have someone knowledgeable as part of our team.

President Obama nominated Dr. Brainard back in March and I appreciate her patience with the process. The Senate needs to be careful to thoroughly evaluate nominees, but we need to strike the right balance. We do not want to turn good people away from service because of an onerous process.

I look forward to working with you to address the international economic challenges that we face.

**OPENING STATEMENT OF MARY JOHN MILLER  
NOMINEE FOR ASSISTANT SECRETARY OF THE TREASURY  
FOR FINANCIAL MARKETS  
UNITED STATES SENATE COMMITTEE ON FINANCE  
November 20, 2009**

Thank you, Chairman Baucus, Senator Grassley, and members of the Senate Finance Committee for giving me the opportunity to be here today. I am honored that President Obama and Secretary Geithner have asked me to serve in the Treasury Department at this critical time for our economy and our country.

I recognize that our time today is limited, so I would like to briefly recognize the members of my immediate family that are with me today: my father James John, a professor of history at Cornell University for over 40 years, my husband of nearly 30 years, James Dabney Miller, and my oldest son, Thomas Marshall Miller, a graduate student in classics at Princeton. My younger son, James John Miller, could not be here today as he is performing in the production of Romeo and Juliet at Cornell this evening.

Thirty-two years ago I arrived in Washington, a Cornell University graduate with a degree in Government. I worked as a Legislative Aide in the House of Representatives before I went to graduate school at the University of North Carolina at Chapel Hill. I then spent four years as a research associate in public finance at The Urban Institute here in Washington, where I studied and wrote about the fiscal and capital needs of state and local governments. I'm proud that for the past five years I have served as a Trustee of The Urban Institute.

In 1983 I took a job in Baltimore, Maryland, as a credit analyst in the municipal bond department of T. Rowe Price Associates, an investment management company. I have been at T. Rowe Price for over 26 years, and today I am the director of global fixed income investments for the firm. In preparing this opening statement for the Committee I recalled that when I started at T. Rowe Price, our country was recovering from the longest recession since the Great Depression. The unemployment rate stood at 10.2%, precisely where it stands today. Interest rates were much higher than today's very low levels. The Federal Funds rate then was above 8.5%, and the ten-year Treasury bond yield was above 10%.

Looking back at 1983, many people were pessimistic about the future of our economy and our country. But, as it turned out, we were on the brink of two decades of strong growth. Certainly there were recessions during these decades, but in general the economy and financial markets performed better than expected. We face both similar and different challenges today to restore sound growth and financial markets.

My work over the past 26 years has been primarily in the bond market, including the Treasury bond market, although as a member of my firm's Management Committee I do share responsibility for our entire range of investments. I have participated in the evolution of financial markets and products, as well as working through periods of severe market turmoil, including:

- Saddam Hussein's invasion of Kuwait in August 1990;
- The derivatives and currency problems ignited by the collapse of Long Term Capital Management in 1998;
- The frenzy of the dot.com bubble in the late 1990s;
- The tragedy of September 11; and
- Finally, the unprecedented financial crisis of the past two years.

The opportunity before me today is to help with the recovery and restoration of confidence and capital in our financial markets. We need to ensure that our financial institutions are properly regulated, well capitalized, and built to withstand downturns in the economy without creating undue stress and illiquidity. It is my hope that the recovery we have seen this year in financial markets can lay the foundation for broader economic recovery as we adopt these reforms.

If this Committee, and the full Senate, confirms President Obama's nomination of me to be Assistant Secretary of the Treasury for Financial Markets, then I will welcome the opportunity to serve in the Treasury. I promise the Committee that, if confirmed, I will work hard and do my best to carry out my oath of office. Thank you.



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

**A. BIOGRAPHICAL INFORMATION**

1. Name: (Include any former names used.)  
**Mary John Miller**  
**Mary Elizabeth John (maiden name July 19, 1955 to May 31, 1980)**
2. Position to which nominated:  
**Assistant Secretary for Financial Markets, U.S. Department of the Treasury**
3. Date of nomination:  
**October 6, 2009**
4. Address: (List current residence, office, and mailing addresses.)
5. Date and place of birth:  
**July 19, 1955 Bonn, West Germany (My father at that time was employed by the Institute for Advanced Study in Princeton, NJ. He was working in West Germany when I was born. My parents are both American by birth.)**
6. Marital status: (Include maiden name of wife or husband's name.)
7. Names and ages of children:

8. Education: (List secondary and higher education institutions, dates attended, degree received, and date degree granted.)
- **Ithaca High School, Ithaca, NY 1970 - 1973. Graduated June 1973**
  - **Cornell University, Ithaca, NY 1973 - 1977. Bachelor of Arts degree May 1977**
  - **University of North Carolina, Chapel Hill, North Carolina 1978 - 1979. Master of City and Regional Planning degree May 1980**
9. Employment record: (List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment.)
- Legislative Aide, Congressman Robert Young (D-MO), Washington DC, July 1977 to September 1978.**
- Research Associate, The Urban Institute, 2100 M St. NW, Washington D.C., January 1980 to April 1983.**
- **My work at The Urban Institute focused on the development and financing of urban infrastructure, and other areas of public finance.**
- T. Rowe Price Associates, Baltimore, Maryland, April 1983 to Present.**
- **Credit Analyst in the Municipal Bond Department, 1983 - 1989**
  - **Portfolio Manager, 1989 – 1996**
  - **Director of the Municipal Bond Department, 1996 - 2001**
  - **Head of Investment Grade Portfolio Management, 2001-2004**
  - **Director of the Fixed Income Division, 2004 – Present**
  - **Management Committee, Member, 2004 – Present**
10. Government experience: (List any advisory, consultative, honorary, or other part-time service or positions with Federal, State or local governments, other than those listed above.)
- None**
11. Business relationships: (List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, other business enterprise, or educational or other institution.)

- I have been an officer of T. Rowe Price Group, Inc., in Baltimore, Maryland, since 1986. T. Rowe Price Group is a publicly held corporation whose shares are traded on the NASDAQ, and it is included in the S&P 500.
- I have been a director of T. Rowe Price Associates, Inc. since 2004. T. Rowe Price Associates Inc., is the principal subsidiary of T. Rowe Price Group, Inc.
- Pursuant to the Investment Company Act of 1940, the retail mutual funds sponsored by T. Rowe Price Group, Inc. are each separately incorporated. I am the President, Vice President, or Director of many of these separately incorporated T. Rowe Price Group mutual funds. (See Attachment A (11) for a list of these mutual funds)

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

In addition to my positions with T. Rowe Price Group, Inc. affiliates listed in answer to item 11 above, I have held, or currently hold, the following positions:

- I have been a member of the Board of Directors of The Urban Institute in Washington, D.C. since 2004. I have received no compensation from The Urban Institute.
- I was a member of the Board of Directors of Catholic Charities of Baltimore from 2003 to 2007. I received no compensation from Catholic Charities.
- I am a Trustee of the Baltimore Museum of Art. I was a Trustee of this museum from 2003 to 2006, when I rotated off the Board of Trustees pursuant to the museum's normal custom of Board rotation. I then became a Trustee again in July 2008 and have held this position to the present. I have received no compensation from the museum.
- I have been a member of the Board of Directors of the Baltimore Choral Arts Society continuously since 2000, and I am currently the President of the Board. I have received no compensation from the Baltimore Choral Arts Society.

- **My husband & I have been members since 1987 in the Bolton Swim & Tennis Club, a neighborhood facility in downtown Baltimore.**
- **I have been a member since 1994 of The Center Club in Baltimore, a downtown business club.**
- **My husband and I have been members since 2004 of the Tucker's Point Club, which is located in St. George's Parish, Bermuda.**
- **During my final three years as a college student at Cornell (1974 to 1977), I was a member of Delta Gamma sorority.**

13. Political affiliations and activities:

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

**None**

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

**None**

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

**See Attachment 13.C. This attachment contains the political contributions of \$50 or more that I have made for the last ten years to the best of my recollection and records.**

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

- **New York State Regents' Scholarship for college study, 1973.**
- **Mellon Fellowship for graduate school study, 1978.**
- **Chartered Financial Analyst, 1986.**

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

**Published in American Demographics magazine:**

**"The Aging Veteran," with Bryant Robey, American Demographics, Nov./Dec. 1979, Vol. 1, No. 10**

**"The Political Future," with Bryant Robey, American Demographics, October 1980, Vol. 2, No. 9.**

**"Airports Enter the Eighties," American Demographics, October 1982, Vol. 4, No. 9.**

**Published by The Urban Institute Press, Washington D.C.:**

**The Future Of Oakland's Capital Plant, (America's Urban Capital Stock Volume 5). With Marcy Avrin, Bonnie Berk and George E. Peterson (1981).**

**The Future of Boston's Capital Plant, (America's Urban Capital Stock Volume 6). With J. Chester Johnson and George E. Peterson (1981).**

**Guide to Benchmarks of Urban Capital Condition (Guides to Managing Urban Capital Series, Volume 3). With George E. Peterson, Stephen R. Godwin and Carol Shapiro (1984).**

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

**In the past five years, I have delivered only three public speeches, two of which were to professional groups in Maryland. One was to the Baltimore Securities Analysts Society in January 2008, and the second was to the Maryland Association of CPAs in October 2008. I delivered a third speech at an American Bankers Association meeting held in March 2009 in San Francisco. None of these speeches were formal. In each case, I spoke extemporaneously from PowerPoint slides, and so I do not have the text of the speech. The topics of these speeches were confined to the securities markets and the interest rate environment.**

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

I have worked on a daily basis in the securities markets for more than 25 years. I have participated in the development of the financial markets and products since the early 1980s and through a number of economic cycles. My experience is as an investor, but I also have strong relationships with the brokerage community. I began my career as a credit analyst. During that time, I earned a Chartered Financial Analyst (CFA) qualification. In 1989, I became a portfolio manager. Today, I manage nearly 100 investment professionals at T. Rowe Price, and I have direct responsibility for the management of over \$90 billion in fixed-income assets, including US Treasury bonds. As a member of the firm's Management Committee, I share responsibility for T. Rowe Price assets under management, which amount to more than \$300 billion.

If confirmed as Assistant Secretary for Financial Markets, I would welcome the opportunity to work on financial market regulatory reform proposals. I believe my broad experience and industry knowledge would bring a useful perspective to this position at the Treasury Department.

**B. FUTURE EMPLOYMENT RELATIONSHIPS**

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

**Yes**

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

**No**

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

**No**

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

**Yes**

**C. POTENTIAL CONFLICTS OF INTEREST**

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

**In connection with the nomination process, I have consulted with the Office of Government Ethics and the Treasury Department's designated agency ethics official to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Department's designated agency ethics official and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.**

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

**In connection with the nomination process, I have consulted with the Office of Government Ethics and the Treasury Department's designated agency ethics official to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Department's designated agency ethics official and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.**

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

- **T. Rowe Price is a member of the Investment Company Institute (ICI) and I have been an active member of the ICI's Money Market Working Group, which took a leadership role in helping avoid any crisis of confidence in money market funds in the fall of 2008 following the failure of one fund to maintain a \$1 per share net asset value.**
- **In April 2009, I signed a one-page letter to members of Congress recommending changes to proposed legislation on mortgage loan modification. This letter was sent on behalf of T. Rowe Price Group, Inc. only and reflects the views of our securitized products team.**

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

**In connection with the nomination process, I have consulted with the Office of Government Ethics and the Treasury Department's designated agency ethics official to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Department's designated agency ethics official and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.**

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

**N/A**

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

**D. LEGAL AND OTHER MATTERS**

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

**No**

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

**No**



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

**No**

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

**No**

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

**None**

**E. TESTIFYING BEFORE CONGRESS**

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

**Yes**

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

**Yes**

**Question for the Record to Mary John Miller  
Nominee for Assistant Secretary of Treasury for Financial Markets  
From Senator Tom Carper**

**Ms. Miller, thank you for your willingness to serve in the Treasury Department. There is an issue that has been in the news and something several of us in the Senate have raised concerns with and it has to do with the market for Student Loan Auction Rate Securities. Several letters from Senators on both sides of the aisle have been sent to Secretary Geithner requesting the Treasury Department's assistance in finding a solution to thawing this market. The companies that own these securities commissioned an economic impact study from the University of Delaware which concluded that if this market were unfrozen, up to 441,000 jobs could be created with the capital that would be available. The potential to create this many new jobs, in our current economy with unemployment at the highest levels, is something we should take seriously. In order for this market to work again, we need the Treasury Department's help. Please let me know your thoughts on finding a solution for this market.**

I appreciate the significance of the challenges faced by Student Loan Auction Rate Securities (SLARS) corporate investors who may want to access the funds invested in these securities to meet ongoing operating expenses and undertake capital investments. Since the SLARS market collapsed in 2008, various states' securities regulators have brought and settled legal actions against the large investment banks that served as underwriters and broker-dealers for these securities. These settlements required banks to repurchase SLARS from a number of investors, particularly retail investors. Many settlements also obligated banks to attempt to resolve the liquidity concerns of corporate customers.

The Administration continues to formulate and implement its strategy for increasing the flow of credit within our economy and liquidity to financial markets. These efforts, in particular the Financial Stability Plan (FSP), are helping to provide the foundation necessary for recovery. If confirmed, I will work to implement the FSP and will consider and study various different issues that confront our economy and our credit markets, including in the auction rate securities market.

