



Opening Statement of Sen. Chuck Grassley
Nominations Hearing
Tuesday, March 2, 2010

Welcome to all of the nominees here before us today. Mr. Goldstein, who has been nominated to be Under Secretary of the Treasury for Domestic Finance, has had a distinguished career. He started at The Brookings Institution before moving on to the Treasury Department, the World Bank, and a private equity firm before returning to the Treasury Department.

His position as managing director of the private equity firm was of particular interest to me because of its offshore investments. The President campaigned against businesses operating offshore. This committee has held hearings on the use of offshore blocker corporations. We learned that the more than 12,000 businesses located at the Uglund House in the Cayman Islands had no purpose for being there other than tax avoidance.

Similarly, the private equity firm of which Mr. Goldstein was a managing director set up blocker corporations at the Walker House, which appears to be down the street and around the corner from the Uglund House. While it is not illegal to utilize such corporations, these arrangements have been the subject of much debate and discussion. In fact, the so-called jobs bill that passed the Senate on Wednesday includes the Foreign Account Tax Compliance Act, which imposes new reporting requirements to provide transparency on offshore entities.

Another hot topic considered by this committee is the tax treatment of carried interests. Mr. Goldstein received a carried interest in investments that his firm managed and that compensation is taxed at capital gains rates that are lower than ordinary income rates.

While neither of these issues impacts Mr. Goldstein's qualifications for the position of Treasury Under Secretary for Domestic Finance, he inevitably will work closely with the Treasury Assistant Secretary for Tax Policy, and most likely this committee, as we continue to combat offshore tax avoidance and debate the taxation of carried interest.

I appreciate Mr. Goldstein's working with the private equity firm to provide details about the use of domestic and offshore blocker corporations. He has responded quickly and thoughtfully. However, I want to briefly mention my frustration with the Administration's insistence that this committee suppress anything that may reflect negatively on its selection of nominees. The

nominee had some concerns about releasing information that may be proprietary or sensitive to his private equity firm. I understand that and agreed that such information should not be released and worked to reach an agreement on such information on Friday. Yet, we didn't get a response from the Administration until late yesterday on what should be redacted. This means that members of this committee had very little time to review this information before this hearing.

I want to thank the chairman and his staff for facilitating these conversations with the Administration but sincerely hope that we will not allow the Administration to continue to stonewall us on issues that we believe should be made public. Mr. Chairman, I ask unanimous consent that these questions and answers be printed in the record. I will have some further questions for him on this topic later.

Next, we have Francisco Sanchez, who's been nominated to be the Under Secretary of Commerce for International Trade. This position is critical to the President's development of an informed vision of our nation's trade agenda. We need a strong advocate for trade serving as Under Secretary. It's more important than ever. Frankly, I'm concerned that we are again losing ground to other trading nations, just as we did in the latter half of the 1990s. Mr. Sanchez has a diverse resume, including service as the Assistant Secretary of Transportation for International Affairs and as a special assistant to the President with a portfolio covering the Americas. These experiences will serve him well if he is confirmed as Under Secretary.

Mr. Sanchez was nominated last April, so I want to describe why his hearing has been so long in coming. HHS has been conducting a review of the Corporation for the Development of Communities in Tampa, Florida, pertaining to the administration of a grant and loan.

Given Mr. Sanchez's leadership roles with both the CDC of Tampa and the company the loan was made to, this committee's oversight responsibility with respect to presidential nominations dictated that this Committee wait until that review was concluded.

That review was concluded earlier this month, and Mr. Sanchez is here with us now. I ask unanimous consent that the HHS official notification of the conclusion of the review, and the cover letter addressed to myself that accompanied that notification, be printed in the hearing record.

Now I would like to turn to Dr. Sherry Glied, who has been nominated to be Assistant Secretary for Planning and Evaluation at the Department of Health and Human Services. Congratulations on your nomination. If confirmed, Dr. Glied will be running the policy setting arm of HHS. Dr. Glied's impressive experience in academia and the federal government will serve her well in this role as she advises the Secretary and President on policy developments in health, disability and human services.