

**NOMINATIONS OF GEORGE L. FARR, NANCY  
KILLEFER, LARRY R. LEVITAN, STEVE H.  
NICKLES, CHARLES L. KOLBE, ROBERT M.  
TOBIAS, AND KAREN HASTIE WILLIAMS**

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**HEARING**

BEFORE THE

**COMMITTEE ON FINANCE**

**UNITED STATES SENATE**

**ONE HUNDRED SIXTH CONGRESS**

**SECOND SESSION**

ON THE

**NOMINATIONS OF**

**GEORGE L. FARR, NANCY KILLEFER, LARRY R. LEVITAN, STEVE H.  
NICKLES, CHARLES L. KOLBE, ROBERT M. TOBIAS, AND KAREN  
HASTIE WILLIAMS, TO BE MEMBERS OF THE IRS OVERSIGHT BOARD**

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**FEBRUARY 3, 2000**

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# CONTENTS

## OPENING STATEMENTS

	Page
Roth, Hon. William V., Jr., a U.S. Senator from Delaware, chairman, Committee on Finance .....	1
Moynihan, Hon. Daniel Patrick, a U.S. Senator from New York .....	3
Grassley, Hon. Charles E., a U.S. Senator from Iowa .....	3

## ADMINISTRATION NOMINEES

Farr, George L., former vice chairman, American Express, Greenwich, Connecticut .....	5
Killefer, Nancy, director, McKinsey & Company, Former Assistant Secretary (Management)/Chief Financial Officer, U.S. Department of Treasury, Washington, DC .....	6
Levitan, Larry R., former partner, Arthur Anderson & Co./Andersen Consulting, Potomac, Maryland .....	7
Nickles, Steve H., professor, Wake Forest University School of Law and the Babcock Graduate School of Management, Winston-Salem, North Carolina .....	8
Kolbe, Charles L., chairman of the board, Red Oak Hereford Farms, Des Moines, Iowa .....	9
Tobias, Robert, former president, National Treasury Employees Union, Bethesda, Maryland .....	10
Williams, Karen Hastie, partner, Crowell & Moring, Washington, DC .....	11

## ALPHABETICAL LISTING AND APPENDIX MATERIAL

Farr, George L.:	
Testimony .....	5
Prepared statement .....	25
Biographical .....	26
Grassley, Hon. Charles E.:	
Opening statement .....	3
Killefer, Nancy:	
Testimony .....	6
Prepared statement .....	31
Biographical .....	32
Kolbe, Charles L.:	
Testimony .....	9
Prepared statement .....	38
Biographical .....	39
Levitan, Larry R.:	
Testimony .....	7
Prepared statement .....	46
Biographical .....	47
Moynihan, Daniel Patrick:	
Opening statement .....	3
Nickles, Steve H.:	
Testimony .....	8
Prepared statement .....	53
Biographical .....	54
Roth, Hon. William V., Jr.:	
Opening statement .....	1

IV

	<b>Page</b>
<b>Tobias, Robert:</b>	
<b>Testimony</b> .....	<b>10</b>
<b>Prepared statement</b> .....	<b>65</b>
<b>Biographical</b> .....	<b>66</b>
<b>Williams, Karen Hastie:</b>	
<b>Testimony</b> .....	<b>11</b>
<b>Prepared statement</b> .....	<b>76</b>
<b>Biographical</b> .....	<b>77</b>

# NOMINATIONS TO THE INTERNAL REVENUE SERVICE OVERSIGHT BOARD

THURSDAY, FEBRUARY 3, 2000

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

The hearing was convened, pursuant to notice, at 11:09 a.m., in room SD-215, Dirksen Senate Office Building, Hon. William V. Roth, Jr. (chairman of the committee) presiding.

Also present: Senators Grassley, Moynihan, Bryan, and Robb.

## OPENING STATEMENT OF HON. WILLIAM V. ROTH, JR., A U.S. SENATOR FROM DELAWARE, CHAIRMAN, COMMITTEE ON FI- NANCE

The CHAIRMAN. The committee will please be in order.

It is a great pleasure for me to welcome everyone here for the nomination of the Internal Revenue Service Oversight Board. Frankly, we have been waiting for this day a long time, and I am glad, Pat, that it has finally arrived.

Yesterday, we heard testimony about how the Internal Revenue Service has fared in implementing the changes initiated in the IRS Restructuring and Reform Act of 1998. Besides all of the important taxpayer protections in that Act, it most importantly created a nine-member oversight board.

The Board is responsible for overseeing the IRS and its administration, management, conduct, direction, and supervision of the execution and application of the internal revenue laws or related statutes and tax treaties.

Now, two of the members serve by virtue of their position, the Commissioner of the IRS, of course, currently Charles Rossotti, and the Secretary of the Treasury, currently Larry Summers.

Again, it is a great pleasure to see our Commissioner, Charles Rossotti, here today. I think it emphasizes the importance to which he attaches the actual creation of this board.

Now, in addition, we have six private members and one member representing employees. These seven members are to be appointed by the President, and confirmed by the Senate. They all attended the IRS oversight hearing yesterday. Welcome back. It is a pleasure to see each of you.

Now, let me introduce the nominees. Mr. George L. Farr, former vice chairman of American Express. He lives in Greenwich, Connecticut, and has been nominated for a 4-year term.

Mr. Charles L. Kolbe, chairman of the board of Red Oak Hereford Farms. He lives in Des Moines, Iowa and has been nominated for a 3-year term.

Ms. Nancy Killefer, director at McKinsey & Company, and former Assistant Secretary for Management and Chief Financial Officer at the U.S. Department of the Treasury. She lives in Washington, DC, and has been nominated for a 5-year term.

Next, we have Mr. Larry R. Levitan, a former partner with Arthur Andersen & Company/Andersen Consulting. He lives in Potomac, Maryland, and has been nominated for a 5-year term.

Mr. Steve H. Nickles, professor at the Wake Forest University School of Law and the Babcock Graduate School of Management. He lives in Winston-Salem, North Carolina, and has been nominated for a 4-year term.

Mr. Robert Tobias, former president of the Treasury Employees Union. He lives in Bethesda, Maryland, and has been nominated for a 5-year term.

Ms. Karen Hastie Williams, a partner with the law firm of Crowell & Moring. She lives in Washington, DC, and has been nominated for a 3-year term.

You are a distinguished panel, and I look forward to considering your nominations. It goes without saying that your positions on the Oversight Board, though part-time, are vitally important to the reform.

Tax administration affects all Americans. Commissioner Rossotti has made significant strides in reforming the IRS, but he acknowledges, as we all do, that there is a long, long way to go. Your experience and dedication will be needed in the years ahead.

So at this time let me take a break and ask each of you if there are any members of your family that you would like to introduce.

Let me start on the left. I understand you have no one, Mr. Farr?

Mr. FARR. I am all alone.

The CHAIRMAN. All alone. All right. Well, we are here, too.

Ms. Killefer?

Ms. KILLEFER. Yes. My husband, Bob Cumby, has joined me today.

The CHAIRMAN. It is a pleasure to welcome you.

Mr. Levitan?

Mr. LEVITAN. No. I am afraid my family is not here.

The CHAIRMAN. Mr. Nickles?

Professor NICKLES. Yes. Thank you, Mr. Chairman. I am very happy to say that my three best friends are here: Dorothy Vernon, Ellen Nickles, and Thomas Nickles. I am very sorry to say that there is only one dependent left among the group. [Laughter.]

The CHAIRMAN. Thank you. It is nice to have them here.

Mr. Kolbe, it would be a pleasure to have you introduce your relatives.

Mr. KOLBE. I am very happy to have my wife Sue here. My daughter Caran and her husband Chris McKee live in Arlington, Virginia.

The CHAIRMAN. Please rise as he calls you. I should have said that earlier.

Mr. KOLBE. My middle daughter, Jill, and her fiance John Fialcoff, lives in Iowa City, Iowa. My most honored guest, Kolbe

Charles McKee, my grandson, who also resides in Arlington, Virginia. Thank you.

The CHAIRMAN. Just let me point out to you, I have a picture of my grandson on my watch. I recommend that. [Laughter.] I can tell you where to get it, too. [Laughter.]

Mr. KOLBE. I will talk to you afterwards.

The CHAIRMAN. Mr. Tobias?

Mr. TOBIAS. My wife, Susan Meader Tobias, is here, Senator.

The CHAIRMAN. It is a pleasure to welcome you, Ms. Tobias.

And Ms. Williams?

Ms. WILLIAMS. No. None of my family members are here today.

The CHAIRMAN. At this time, it is my pleasure to call on our most distinguished Ranking Member, Senator Moynihan.

**OPENING STATEMENT OF HON. DANIEL PATRICK MOYNIHAN,  
A U.S. SENATOR FROM NEW YORK**

Senator MOYNIHAN. Well, Mr. Chairman, once again, you are to be congratulated for this extraordinary initiative you took in reorganizing, restructuring, and rethinking the whole Internal Revenue Service.

It is the one thing we do not do well in the Congress, which is oversight and genuine analysis, as we can find it, of what works and what does not.

It is a particular problem of government, which is that it has none of the constraints of the marketplace, it cannot disappear, and it can go on indefinitely in the most dysfunctional way and nobody necessarily ever even knows.

We have a wonderful set of nominees. I make the point, and I am sure you all know this, that there are a number of boards in the Federal system, the Federal National Mortgage Association, has a board, and the National Passenger Railroad Corporation, Amtrak, has a board. But these are all quasi-independent activities.

You are the first board that will deal directly with a wholly governmental activity, and you have an opportunity to make administrative history. We welcome you to it, and challenge you accordingly.

Thank you, sir.

The CHAIRMAN. Thank you, Senator Moynihan.

Let me just underscore the importance of the Board. Too often in government, the various boards are honorary and do not function very effectively. That is not the purpose of this board. We intend this to be a working one.

One who played such a key role in this initiative and this development is my good friend, the distinguished Senator Grassley.

Senator Grassley?

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

Senator GRASSLEY. Thank you very much, Chairman Roth. I, like you, wondered when this day would ever come, and I am sure glad it is here.

So I welcome those of you who have nominated to the IRS Oversight Board. More than anyone else, including the members of the

committee and Commissioner Rossotti, it is my belief that members of the IRS Oversight Board will make the difference in the long-term success or failure of the recommendations that are now law of the Restructuring Commission.

Members of that commission believed that the IRS would be better able to create and maintain a customer service-driven organization if it had a strong board—not an advisory board, but a real decisionmaking body—to oversee its strategic direction and operation.

Perhaps maybe Mr. Tobias was the only one who was here that was at our first meeting of the commission. He will remember that one of the goals that I laid out for the Commission was to come up with restructuring that would make the IRS a more customer- or consumer-oriented organization, one in which taxpayers would actually not fear the opportunity—or maybe the opportunity, but not the presence—of the IRS across the table from them.

I would like to stress to all of you today that it is clear legislative intent of this committee that this board be independent from Treasury and the White House, no matter which party provides the President for our country and the occupant of the White House, so that you can make the right decisions for the agency.

The precedent that you establish for independence and strong oversight will be part of the operations of this board for many years to come.

So from that very first decision you make, make sure you make the right decision, a decision that establishes a precedent for that independence and a decision that will serve the taxpayers of this country well so that the goals of the commission are not lost in future years.

Remember, each of you are the boss, not the President, not the Treasury Secretary, not the Commissioner. Without a truly independent board, there will not be true reform. So, I look forward to working with all of you to make sure that the law is carried out as intended by Congress.

I am also honored to have one of my constituents here today. That constituent is Chuck Kolbe, who I have known for many years. I recommended Chuck Kolbe to the President as someone who would look out for the taxpayers' interests.

Chuck did not contact me as one of those who has a big stake in making sure that the board works as well as intended. I asked if he would be interested in serving, and I am glad that he accepted the invitation that I had, not to nominate him, but to suggest his name to the President.

I thank the President for taking that advice, because I know that, as an Iowan, he will bring common sense to a lot of the Washington nonsense we are so used to around here.

Chuck is a small businessman. He has been an employer and has owned and managed a cattle business in Iowa. He has also owned and served on the board of directors of a local bank in Iowa. He has been president of the Iowa Cattlemen's Association, and a member of the National Cattlemen's board of directors.

He is known as a person who brings people together. He is a leader and a listener, and will bring the independent qualities that are necessary for this board. I know he will do a great job, and I thank him for his willingness to serve.



Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Grassley.

Nominees, I will now swear you in, as is the practice of this committee. You will please stay seated.

[Whereupon, the nominees were duly sworn.]

The CHAIRMAN. Thank you. Now we will proceed.

Senator MOYNIHAN. Mr. Chairman, could we hear that accord a little more emphatically? Can you say, "I do?"

[A chorus of "I do's."]

The CHAIRMAN. Thank you.

As I said, I am going to ask each of you to proceed with your opening statements. We will start with you, Mr. Farr, and work our way up the line.

Mr. Farr?

#### **STATEMENT OF GEORGE L. FARR, TO BE A MEMBER OF THE IRS OVERSIGHT BOARD**

Mr. FARR. Mr. Chairman, Senator Moynihan, Senator Grassley, it is a privilege to be here today to have you consider my nomination for this board. It is something I have looked forward to for some time.

It really is an honor to have been nominated by the President for this position. I am particularly grateful to Commissioner Rossotti, who has taken a special interest in helping me through the arduous process of nomination.

I think he is providing really outstanding leadership to a major change effort in the IRS, and it is my earnest desire to be able to make a contribution to this effort to achieve the goals that the committee and he have established for the agency.

The IRS Oversight Board will provide, I think, an independent review of IRS operations and will assist the IRS in fulfilling its mandates and those of Restructuring and Reform Act of 1998.

I applaud the contributions that Chairman Roth has made, and Senator Grassley and Senator Moynihan, in bringing this to where it is now and in getting the Acts passed.

I spent my entire career working principally with consumer goods companies. For over 25 years, I worked in the strategic consulting firm of McKinsey & Company, helping a variety of clients develop and implement strategic and operational plans related to business turn-arounds, a lot of it having to do with customer service.

I recently retired from American Express, where I operated as the vice chairman, and participated in the overall management of the company, including strategic and operating decisions.

I welcome the opportunity to use my extensive experience in the private sector to help address a wide array of issues facing the IRS. Specifically, I believe my experience will enable me to help advise the agency in matters of strategic planning and customer service.

If confirmed as a member of the IRS Oversight Board, I will be committed to achieving the goals for the board set out in the Restructuring and Reform Act of 1998.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you. Let me point out that any of you that have written statements, they will, of course, be included as if read.

It is always a pleasure to welcome you, Ms. Killefer. Please proceed.

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

#### STATEMENT OF NANCY KILLEFER, TO BE A MEMBER OF THE IRS OVERSIGHT BOARD

Ms. KILLEFER. Thank you. Mr. Chairman, Senator Moynihan, Senator Grassley, I am honored to appear before you again in this committee to consider my nomination as member of the IRS Oversight Board.

As I am sure you all remember, I recently completed two-and-a-half years in the Treasury Department as the Assistant Secretary for Management and Chief Financial Officer.

During that time, I reported directly to the Secretary on all matters involving the financial and internal management of the department and its bureaus, and that included financial budget issues, personnel issues, management issues, and procurement policy.

I also had the pleasure to serve as the primary interface with the IRS for the department, and spent many hours out in the field and in the national office learning about the IRS, and had the privilege to work side by side with the senior leadership team.

I actually started my time at the Treasury as a consultant serving as a co-chair of the IRS Customer Service Task Force and, working with many of the front-line employees of that organization, I know how much they are looking forward to the changes that your legislation has brought about.

Shortly after I arrived at Treasury, I had the opportunity to interview Mr. Rossotti as he was considering the position, and try and sell him on that position.

From my initial meeting as one of several candidates, I realized that he was the ideal person to lead this organization. I am committed, and believe, and continue to believe, he is absolutely the leader we need now.

He has understood the enormous challenges facing the IRS in providing high-quality customer service to the taxpayers, while collecting the revenue that is due to the government.

I guess we have worked together for almost three years side by side to modernize the IRS, and we forged a partnership personally and professionally that has been one of the joys of my career.

I recently turned to McKinsey, much over Charles' objections, where I had spent 18 years previously developing marketing strategies and improving organizational effectiveness, largely for consumer-oriented companies again. I actually had the privilege to work with Mr. Farr during my tenure there.

During my career, too, I spent my time helping large organizations undergo fundamental change, and I think that will help me, and continue to help me, as the IRS continues its change process.

While the challenges are enormous, I know and believe the IRS will succeed, with your leadership and the help of the board. It has

a clear plan for moving forward now, the right leadership team in place, and I believe the support of the public, to do so.

There is no other government agency, as you all know, that touches the lives of so many Americans and makes such a big difference. I am committed to making it an institution that services the American taxpayer well.

Thank you.

The CHAIRMAN. Thank you very much, Ms. Killefer.

Now it is my pleasure to call on Mr. Levitan.

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

**STATEMENT OF LARRY R. LEVITAN, TO BE A MEMBER OF THE  
IRS OVERSIGHT BOARD**

Mr. LEVITAN. Mr. Chairman, Senator Moynihan, Senator Grassley, I am also honored to appear before this committee as you consider my nomination to be a member of the IRS Oversight Board.

It is truly an honor to have been nominated by the President, and I appreciate the support that I have received from Mr. Rossotti during this process.

During the past 2 years, I have had an opportunity to see firsthand the outstanding leadership he is providing for the IRS, and I am looking forward to continuing to assist his efforts to achieve the modernization goals you and he have established for the agency.

Mr. Chairman, I spent 34 years with Andersen Consulting as that firm grew from 500 employees to over 50,000 professionals. During my career, I held numerous senior management positions and I worked with many large corporations and government agencies, such as Bell South, Delta Airlines, Xerox, the United Kingdom Department of Health and Social Services, as they restructured their organization, management processes, and information systems just as the IRS is doing today.

The IRS has one of the largest computer systems in the world, and one of the most outdated. This undisputed fact has no doubt given the committee great concerns. I know that previous attempts to modernize the tax system have met with limited success, to say the least.

What is different this time?

Senator MOYNIHAN. You mean, the computer system.

Mr. LEVITAN. The computer system. Yes, sir.

The CHAIRMAN. It only costs \$4 billion, but go ahead.

Mr. LEVITAN. What is different this time around? Why are we not going to have those same failures? Many things, including the committed and hands-on leadership of a Commissioner who has spent his professional career successfully leading large-scale change initiatives.

Second, a completely different approach, an approach that realizes that rebuilding the computer systems without rethinking how the IRS does its basic business is like paving cow paths, an approach to modernization that is broad and far-reaching and addresses not only the computer systems, but the structure of the organization, the skills of the IRS employees, and the agency's underlying business processes.

Another important difference, is that this effort is based on critical partnerships: partnerships between the IRS and the private sector, which is contributing invaluable experience and skills to this large effort; a partnership between all elements of the IRS organization: executive management, information technology, and the organizational units that will use the new technology to better serve the public; and, finally, partnership between the IRS and the legislative branch of government, which has provided the leadership, support, and oversight that is so necessary for this program's success.

Mr. Chairman, if confirmed as a member of the IRS Oversight Board, I am committed to assisting the IRS in achieving those goals laid out by this committee and Commissioner Rossotti. The IRS Oversight Board has a vitally important task ahead.

I pledge to use my knowledge and expertise of information technology, the management of large-scale change programs, and of large customer service organizations to help guide the IRS in its modernization efforts.

Thank you, Mr. Chairman. It has been an honor to come before your committee.

The CHAIRMAN. Thank you, Mr. Levitan.

Now, Mr. Nickles, please.

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

#### **STATEMENT OF STEVE H. NICKLES, PROFESSOR, TO BE A MEMBER OF THE IRS OVERSIGHT BOARD**

Professor NICKLES. Thank you, Mr. Chairman, Senator Moynihan. I am honored today to appear before this very distinguished committee as you consider my nomination as member of the IRS Oversight Board.

I am a teacher of law and management at Wake Forest University. The motto there is "Education for the Benefit of Humanity." Public service is an especially important part of my job. I am, therefore, very grateful for this opportunity to serve our country as a member of the Internal Revenue Service Oversight Board.

I thank the President, my long-time friend and former law school colleague, for nominating me to serve on this very important board. I also thank you, Mr. Chairman and members of the committee, and especially the staff, for the help and kindness you have all shown me throughout this process.

If you would allow me, I would also like to thank your former colleague, David Pryor of Arkansas, who, a decade ago, inspired me to issues of reform in taxpayers' rights, and a decade before that inspired me some public service.

The CHAIRMAN. If I might interrupt, as you know, David Pryor was a very valued member of this committee, and we still miss his intellect and contributions that he made throughout the years.

Professor NICKLES. A most important influence in my life.

I have taught law for almost 25 years, specializing in commercial law, debtor/creditor law, including payment systems and bankruptcy. If I might, I would say that I would like to thank Senator Grassley for his interest and leadership in the bankruptcy area as well. As in this area, it is desperately needed.

I have written extensively, I have worked extensively, in all of these areas and I have noticed, Mr. Chairman, through your work with this committee and through your book, that debtor/creditor issues are very, very important to you, to the Congress, and to the American people. I know something about those areas, and I can bring that expertise to this board, and want to very much.

I have also worked in government at the local, State, and Federal levels. I know, from years of personal experience, that full-time government service is filled with good, hardworking, well-intentioned, honest people who are fully dedicated to their jobs and the public they serve. I know a fully perfect example of such a person is Charles Rossotti, who has accomplished more good in the shortest period of time of anyone I have ever known in government.

I believe this perspective of having worked in government at all levels, including at the Federal level, the State level, and the local level, all of which deal with taxes, that perspective, I think, will be helpful in dealing with many issues that the IRS Oversight Board will face in the years ahead.

Mr. Chairman, if confirmed as a member of the oversight board, I promise that I will always maintain an open mind, informed by my own experiences. I will listen, I will learn, and I will listen even more.

I will practice due diligence, by myself and with appropriate help. Finally, I will act in light of, and pursuant to, the terms and spirit of the Restructuring and Reform Act completely.

I will not act freely for myself without direction. As a law teacher, I am very accustomed to trying to construe legislative intent, and, as a law teacher, committed to following the law in that regard.

You have my commitment that I will act for our country in a role designed by Congress and for your purposes, and I fully support the goals set forth in the truly historic IRS Reform Act. The IRS Oversight Board will be a terribly important vehicle in implementing the changes to reach the goals that the Congress has set out.

I would be very happy to answer any of your questions. Thank you.

The CHAIRMAN. Thank you, Mr. Nickles.

Now it is my pleasure to call on Mr. Kolbe.

[The prepared statement of Professor Nickles appears in the appendix.]

#### **STATEMENT OF CHARLES L. KOLBE, TO BE A MEMBER OF THE IRS OVERSIGHT BOARD**

Mr. KOLBE. Mr. Chairman, Senator Moynihan, Senator Grassley, and Senator Robb, I am honored to appear before this committee as you consider my nomination to be a member of the IRS Oversight Board.

Senator Grassley, I think, very graciously covered most of my professional background. I would tell you that my experience in running a successful business has provided me with insight into the challenges of complying with the complex tax laws and regulations, as well as a unique perspective on millions of taxpayers throughout this country who are involved in production agriculture.

I have also become familiar with the concerns of those involved in international business operations through my participation in trade missions to Japan, Korea, and China, as well as doing actual beef business in Europe and the Pacific Rim.

Mr. Chairman, if confirmed as a member of the oversight board, you have my commitment that I will use my knowledge and experience in the private sector to work with Commissioner Rossotti and other board members, and the thousands of dedicated IRS employees, to help carry out the Restructuring Act with the Restructuring Board, and will play a vital role in shaping the IRS of the future. It will be an honor to participate in this historic task.

Thank you, Mr. Chairman. I would be happy to answer any questions from the committee.

The CHAIRMAN. Well, thank you, Mr. Kolbe. As I said earlier, your full statement will be included as if read.

It is now my pleasure to call on Mr. Tobias.

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

#### **STATEMENT OF ROBERT TOBIAS, TO BE A MEMBER OF THE IRS OVERSIGHT BOARD**

Mr. TOBIAS. Good morning, Mr. Chairman, Senator Moynihan, Senator Grassley, and Senator Robb. I am very pleased to be here today as a nominee to the Internal Revenue Service Oversight Board.

I was previously honored to serve on the National Commission to Restructure the Internal Revenue Service, which was co-chaired by Senator Kerrey, and on which Senator Grassley served as a key member.

I certainly do remember when we first met on a task that we thought may or may not end with anything good, yet here we are today. It seems to me that the work done by that commission laid the groundwork for what we are engaging in today.

It was the commission that originally conceived the creation of an oversight board for the Internal Revenue Service. I fully supported the commission's recommendation and the subsequent legislation creating the oversight board championed by Senator Roth and this committee.

The fundamental role of the oversight board is to provide the IRS with advice, support, and recommended resources to ensure the IRS focuses on satisfying the needs of compliant taxpayers, while applying the tax law fairly to all taxpayers.

This requires a reorganized, revitalized IRS in which employees are clearly focused, adequately trained, and provided with the technology they need to perform the important work of the IRS.

Mr. Chairman, you may be assured of my complete commitment to the goals set out by you and the other members of this committee in the IRS Restructuring and Reform Act.

During my 31 years of experience with the National Treasury Employees Union, the last 16 of which I served as the president, I was a consistent voice urging a focus on quality work, involved employees, and satisfied taxpayers as measures of IRS success. I have continued that work as a professor at the American University since September of 1999.

I believe the IRS is moving in the right direction, and I would very much like to continue to do what I can to assist in that effort based on my knowledge of the IRS employees, IRS culture, and past IRS struggles to change.

Thank you very much.

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

Now it is a great pleasure to call on Ms. Williams.

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

**STATEMENT OF KAREN HASTIE WILLIAMS, TO BE A MEMBER  
OF THE IRS OVERSIGHT BOARD**

Ms. WILLIAMS. Thank you, Mr. Chairman.

Mr. Chairman, Senator Moynihan, Senator Grassley, Senator Robb, I am honored to be here today as you consider my nomination to be a member of the IRS Oversight Board. It is truly an honor to serve our country on the IRS Oversight Board, if confirmed.

Although I am currently in private practice as an attorney here in Washington, my roots are, indeed, in public service. During the early years of my career, I worked in all three branches of the government, as a clerk to Supreme Court Justice Thurgood Marshall, as chief counsel to the Senate Committee on the Budget, where I first worked with Senator Moynihan, and as the administrator of the Office of Federal Procurement Policy within the Office of Management and Budget.

During this time, I developed an expertise in legislation, in Federal budget practices, and Federal contracting processes and procedures. I continue to specialize in these areas in private practice for clients that range from large, multi-national corporations to small, disadvantaged businesses owned by minority and women entrepreneurs.

In addition, for more than a decade I have had the honor to serve as a member of the board of directors of four Fortune 500 corporations. As a director, I have worked closely with the respective management teams to shape the effective and efficient deployment of human talent and corporate resources.

For three of these companies, I chair the boards' audit committee, which has provided me substantial exposure to the audit review process and an understanding of the need for effective internal controls to assure that the audit process is being administered in a consistent and appropriate manner, and an ability to identify potential performance problems in the management of a large organization.

I look forward to bringing this expertise and these talents to the IRS Oversight Board, and feel confident that I can assist the Commissioner, the IRS, and this committee from the perspective of both budgetary and infrastructure matters, as well as strategic management issues.

I believe that the men and women of the Internal Revenue Service share my commitment to public service. These dedicated civil servants have devoted their careers to assisting our government in collecting the revenues needed to provide necessary and valuable services for our citizens.

In particular, I know that Commissioner Rossotti is dedicated to ensuring that each employee of the IRS understands the need to provide service to American taxpayers, while also ensuring that the laws of this Congress are applied fairly and consistently to all taxpayers.

Mr. Chairman, I have had the opportunity during my years in Washington to know and work with Commissioner Rossotti. I count him as a friend and as a colleague; our daughters attended the same school, and our spouses are avid opera buffs. I welcome the opportunity to work with him in this capacity.

He is a man of impeccable character, a creative genius, and a person who is not daunted by any challenge, no matter how large, be it systems to manage the Pentagon or more effective reform of the IRS.

It is an honor to appear before this committee and to be considered for this very important position. I welcome the opportunity to return to public service and believe that the IRS Oversight Board can provide the necessary independence and oversight to assist Commissioner Rossotti and the 100,000 men and women of the IRS as they face the challenges of the new millennium.

I am convinced that we have a great opportunity to work together to achieve the goals set forth in the IRS Restructuring and Reform Act of 1998, which I fully support.

Thank you, Mr. Chairman. I would be happy to answer any questions that you or other members of the committee may have.

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

The CHAIRMAN. Thank you, Ms. Williams. Just let me say, I am glad that Charles is here so he can hear all of this well-deserved praise.

Senator GRASSLEY. I cannot believe they are saying this about the Commissioner of Internal Revenue Service. [Laughter.]

The CHAIRMAN. Wait until next week. [Laughter.]

But thank you for all of your statements. We will proceed by asking questions of you at the beginning. I will ask three standard questions that we always ask people who come before our committee for confirmation.

I will ask the question once, then we will go down the line, Mr. Farr, Ms. Killefer, Mr. Levitan, so we will do it as rapidly as possible.

The first question is, is there anything 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?

Mr. Farr?

Mr. FARR. No, sir.

The CHAIRMAN. Ms. Killefer?

Ms. KILLEFER. No, sir.

The CHAIRMAN. Mr. Levitan?

Mr. LEVITAN. No, sir.

The CHAIRMAN. Mr. Nickles?

Professor NICKLES. No, sir.

The CHAIRMAN. Mr. Kolbe?

Mr. KOLBE. No, sir.

The CHAIRMAN. Mr. Tobias?



Mr. TOBIAS. No, sir.

The CHAIRMAN. Ms. Williams?

Ms. WILLIAMS. No, sir.

The CHAIRMAN. I am glad you have all got easy names.

Second, 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?

Mr. Farr?

Mr. FARR. No, sir.

The CHAIRMAN. Ms. Killefer?

Ms. KILLEFER. No, sir.

The CHAIRMAN. Mr. Levitan?

Mr. LEVITAN. No, sir.

The CHAIRMAN. Mr. Nickles?

Professor NICKLES. No, sir.

The CHAIRMAN. Mr. Kolbe?

Mr. KOLBE. No, sir.

The CHAIRMAN. Mr. Tobias?

Mr. TOBIAS. No, sir.

The CHAIRMAN. Ms. Williams?

Ms. WILLIAMS. No, sir.

The CHAIRMAN. Third, do you agree, without reservation, to respond to any reasonable request to appear and testify before any duly-constituted committee of Congress, if you are confirmed?

Mr. Farr?

Mr. FARR. I do.

The CHAIRMAN. Ms. Killefer?

Ms. KILLEFER. I do.

The CHAIRMAN. Mr. Levitan?

Mr. LEVITAN. I do.

The CHAIRMAN. Mr. Nickles?

Professor NICKLES. Yes, sir.

The CHAIRMAN. Mr. Kolbe?

Mr. KOLBE. I do.

The CHAIRMAN. Mr. Tobias?

Mr. TOBIAS. I do.

The CHAIRMAN. Ms. Williams?

Ms. WILLIAMS. Yes, sir.

The CHAIRMAN. Let me start out with some questions for the entire panel. Again, I will ask you, as you have heard yesterday and as you well know, the IRS is, of course, going through a massive restructuring, the largest in the history of this organization. An obvious question is whether you believe the IRS must be reformed. Please answer yes or no.

The CHAIRMAN. Mr. Farr?

Mr. FARR. Yes.

The CHAIRMAN. Ms. Killefer?

Ms. KILLEFER. Yes, sir.

The CHAIRMAN. Mr. Levitan?

Mr. LEVITAN. Yes.

The CHAIRMAN. Mr. Nickles?

Professor NICKLES. Yes, sir.

The CHAIRMAN. Mr. Kolbe?

Mr. KOLBE. Yes.

The CHAIRMAN. Mr. Tobias?

Mr. TOBIAS. Yes.

The CHAIRMAN. Ms. Williams?

Ms. WILLIAMS. Yes.

The CHAIRMAN. Now, the Oversight Board will be instrumental in providing both oversight and continuity to the agency. Quickly, could you say what expertise you will bring to the board, and how will the Oversight Board benefit from this?

The CHAIRMAN. Mr. Farr?

Mr. FARR. I serve on three other independent corporate boards. I have a 30-year history of working in consumer service, which I think is fairly important to the IRS at this point. I think I can bring the perspective or large business and the issues facing large business as well.

The CHAIRMAN. Ms. Killefer?

Ms. KILLEFER. I, too, have 20 years of consulting experience in consumer service businesses that I think I can bring to the IRS.

In addition, I have a history with the IRS, going through the reform process, and hope to bring that to, actually, the rest of the board members as well.

I have a deep understanding of the Federal budget process, GPRA, as well as procurement practices and personnel policies, so I hope to bring all of that to the board.

The CHAIRMAN. Mr. Levitan?

Mr. LEVITAN. Mr. Chairman, I have spent my entire 34-year career helping large, complex organizations change. I have a particular level of experience in technology and management of large-scale technology projects, and believe that this will be helpful to the board and to the IRS.

The CHAIRMAN. Mr. Nickles?

Professor NICKLES. Mr. Chairman, I have spent my entire career studying issues of debtor/creditor law and believe that one of the largest impetuses behind the act was reform, particularly with respect to taxpayers' rights, which I began working on in 1988 when David Pryor was behind the first taxpayer bill of rights.

I am completely committed to that, and I think it is essential to the function of this board to have one or more members who have some expertise in that area.

The CHAIRMAN. Mr. Kolbe?

Mr. KOLBE. I have spent my entire career in several small businesses, on boards that have been involved with those small businesses, and also with organizational structures that service those small businesses.

It appears to me that there is as much confusion from their side and from the IRS's side as to what their real role is and how they fit into this whole structure. I would hope that I could help maybe shed light on this and take it back to them. So, I am very excited about the opportunity to maybe work with this.

The CHAIRMAN. Thank you, Mr. Kolbe.

Mr. Tobias?

Mr. TOBIAS. Mr. Chairman, as the president of the National Treasury Employees Union and the Employee Representatives, I

have a thorough understanding of the needs and the interests of the IRS employees, so I bring that to this oversight board.

But what I also bring, is the collaborative relationship that was created between the union and the Internal Revenue Service to begin the implementation of the reform that this statute calls for.

I served on every single decision-making body that Commissioner Rossotti created to help implement this reform effort and served in a collaborative way which advanced the interests of employees, the interests of the Internal Revenue Service, and the interests of the public-at-large.

So I bring that background, that knowledge, that experience to the oversight board, which is really, in my view, an extension of the work that I began with the Commissioner to implement the Restructuring and Reform Act.

The CHAIRMAN. Thank you, Mr. Tobias.

Ms. Williams?

Ms. WILLIAMS. Mr. Chairman, I believe that my experience in representing large, multi-national corporations, many of whom have gone through major changes in terms of consolidations and restructuring of their organizations, will be beneficial to the board.

In addition, working with financial services organizations, I have a good sense of the issues that will need to be addressed in the context of looking budget, management, and infrastructure issues for the IRS.

As a member of this board, I hope I can bring that experience, as well as my experience in working with small businesses who have special needs and concerns, as I think the Commissioner has already recognized in his proposed reorganization of the IRS structure to have an operational focus on small businesses.

The CHAIRMAN. Thank you, Ms. Williams.

Let me start out with you, Mr. Farr. How will the role of the Oversight Board differ from a corporate board, or a mutual fund board?

Mr. FARR. That is very good. It will be somewhere in between them. In a mutual fund board, if you start with that, you have a board that is totally independent of management.

In fact, until very recently, management could not even participate in a mutual fund board. They focused almost exclusively on a couple of issues that dealt with the rights of policyholders, of mutual fund holders.

A corporate board is often picked by the CEO and put in place as an adjunct to management to bring specific guidance to bear, or some expertise that the CEO feels may be lacking.

Over time, I am afraid to say, the interests of the board become more the interests of management than of the shareholder, which is why you have got to rotate membership on boards.

This board is going to be somewhere in between. I think we need to be helpful to the Commissioner. We have to bring some expertise to bear, where it is possible to do that.

But we also have to be able to stand off and be a little bit independent and to challenge what they are doing, because you have right now a situation where we have people in the Inspector General's group that are investigating a lot of things that go on at one level, and you have got this committee which is overseeing at a

very, very different level what is going on with the IRS, and very little in between. I think our job is to provide that oversight as an extension of the committee or the Congress' needs.

The CHAIRMAN. Let me stress, at least, my judgment as to the importance of the independence of this board. I share your great confidence and praise of the Commissioner. At the same time, of course, the purpose of the Board is to provide independent oversight. That is a most important part of the responsibility.

Ms. Killefer, as you so ably stated, you have great knowledge and background, having served as CFO of the Treasury Department. What ways do you envision the Board benefitting the IRS reform? More specifically, how will the IRS Oversight Board affect the budget process for IRS?

Ms. KILLEFER. That is a great question. I think one of the central tenets that was long discussed in Restructuring and Reform Act of 1998 was, in fact, the role of the board in the budget. I think you were very clear in giving the board independence in reviewing that budget and presenting that budget without sieves, as it were, directly to you for your review.

I feel it is a very important function of this board to understand in detail the IRS budget, to understand the requirements that this reform is going to take in terms of resources, to understand the opportunity for productivity and efficiency gains across the agency, and present to you a candid and fair budget for the IRS, for the eyes in the Congress to look at independently of the President process.

We will obviously work closely with the Commissioner and with the Treasury in that process, but I think we have an obligation to bring forward to you what we believe are the right level of resources to ensure that the reform continues.

The CHAIRMAN. Thank you, Nancy.

Mr. Levitan, you are, of course, a technology management expert and have assisted the Commissioner over the past few years, and are familiar with the issues that confront the IRS. What needs to be done, in five simple words? [Laughter.]

Mr. LEVITAN. I think I can answer that in two simple words: change everything. Change is difficult, and massive change is very difficult. That is what has been started at the IRS, and I think it has been started very much in the right direction.

I think the steps that have been taken over the past few years to get this massive change effort under way are very good, but there is a tremendous amount of work that needs to be done.

It needs the continued interest and attention of the Commissioner and the top executives of the IRS, it needs the support/cooperation of all IRS employees in the entire organization, and the help of outside consulting and service organizations, as well as the oversight of this committee of the oversight board.

The management of this change process is going to be difficult, it is going to be long, but it is going to be absolutely necessary.

The CHAIRMAN. Thank you, Mr. Levitan.

Mr. Nickles, you have written, as I understand it, a number of books on debtor/creditor issues, including the tax issues. Could you go into a little more detail as to the implications for tax administration?

Professor NICKLES. Yes, Senator. I prepare my own taxes, but I must admit, I use a software program. I do not know much about tax policy at all. My interest, professionally, otherwise has been in tax administration.

The U.S. Government is the most enormous creditor there is, the most powerful creditor, the most intimidating creditor there is. In dealing with debtor/creditor issues, you have to deal with not only the government dealing with individuals, but government dealing with other creditors as well. There is a profound effect.

I believe that it is very important for the board, certainly, to look at the large management issues, the technology issues. But in the end, one of the large goals is to make sure that the IRS and the government acts fairly towards all taxpayers. That is the end game. That is the goal we are trying to achieve through all of this change.

I think it is important to have someone on the board, and further advisors as well, who know about those debtor/creditor issues, who know the power of the government, the effect upon other creditors, especially small businesses, and to see that the changes that are done at the top level and throughout the organization really address the substantive issues that affect the folks on the street.

The CHAIRMAN. Is it too much to ask that the taxpayer receive due process in the administration of the tax laws?

Professor NICKLES. No, sir. I think the constitution would agree with us on that.

The CHAIRMAN. Thank you.

Mr. Kolbe, as you have pointed out, you are a man of great experience in small business. What can the oversight board do to help small business concerns?

Mr. KOLBE. Well, I would say the most small businesses are so busy doing business, that they really do not have a lot of time or resources to really understand the tax system.

So if there is some way that, through my efforts, there is a way to make this more understandable to them and to show them a more level playing field with their competitors who tend to be large businesses, I would feel that this would be a very big accomplishment to, like I said, actually make it easier, and then to have them believe that and take advantage of that.

The CHAIRMAN. I think, in a way, you are echoing what Mr. Moynihan said yesterday about simplification: is it too much to expect a tax law that is understandable? I think this is an area in which we need to do a lot of work. I thank Senator Moynihan, and you, Mr. Kolbe, for bringing that out.

Mr. Tobias, it is good to see you again.

Mr. TOBIAS. Good to see you.

The CHAIRMAN. As you mentioned, you are the former president of the National Treasury Employees Union. Obviously, you have detailed knowledge and background on the inner workings of the IRS.

Just let me stress that, in our hearings before, one of our great concerns was assuring that IRS employees had a decent background in which to work, and that some of the problems that had arisen in the agency really unfairly adversely affected the working conditions for many of our employees.

During the Congressional debate, and I am sure you recall, regarding the creation of this Board, substantial concerns were made by the Office of Government Ethics that an officer of the National Treasury Employees Union would have a conflict of interest if appointed to the Oversight Board.

The legislation allowed the President to waive the criminal conflict of interest laws for a union representative nominated to the Oversight Board. Of course, President Clinton has nominated you, and he has also waived some of the criminal conflict of interest laws for you.

Now, I recognize you have resigned your NTEU position and have received waivers, as I have said, of certain conflict laws in order to serve on the Oversight Board.

Nevertheless, there may be times when the interests of the union will differ from that of the public. Therefore, the fundamental question remains how you can serve the public interest, given your past and continuing ties to the employees' union.

Could you explain how you will handle this conflict?

Mr. TOBIAS. Certainly, as the employee representative, Mr. Chairman, I am obligated to inform the board about employee interests. But, in the end, I am bound to make decisions as a member of the board which reflect my best judgment concerning the appropriate course of action. I am obligated to bring my energy, my background, my knowledge to do what I think best, and that is what I pledge to do.

The CHAIRMAN. Now, when you say do the best, do the best for the public; is that correct?

Mr. TOBIAS. That is correct.

The CHAIRMAN. Let me ask you this. As a member of the Oversight Board, you will, of course, have access to confidential management information that would be useful to the union, but may not be disclosed to the public or to the National Treasury Employees Union.

The standards of conduct prohibit you from disclosing this information. What steps will you take to ensure that this information is not disclosed to NTEU?

Mr. TOBIAS. Well, I do not have to take any steps because I would not do it. So I do not have to take any steps, other than to fulfill my pledge to maintain the confidentiality of any information that is confidential.

The CHAIRMAN. Let me ask you the reverse. What information do you believe you can provide to NTEU?

Mr. TOBIAS. None which is confidential. If the information is confidential, by definition it cannot be provided to NTEU.

The CHAIRMAN. Thank you.

Now, let me turn to you, Ms. Williams. It is a very simple question. As a procurement and budget expert, how do you envision the Oversight Board helping the IRS?

Ms. WILLIAMS. I believe that the board will be able to help the Commissioner fulfill the requirements of the Act with respect to producing budgets that will allow the necessary resources to be applied to effect the changes in the modernization plan that has been outlined by the Commissioner.

I think that we, as a board, because there is budget expertise with Nancy's experience, with mine, I think we can help really decipher the Federal budget process, which, as you know, is not an easy one to understand.

The CHAIRMAN. That is a very fair statement.

Ms. WILLIAMS. We will also be able to demonstrate where there is best value to the government by making certain investments that will be undoubtedly multi-year investments in equipment, as well as in technology.

In addition, the procurement process is an important part of maintaining an effective work force with the tools that it needs. Competition is critically important in the Federal budget process, and I think that we will be able to assure, as we look at the effectiveness of the units within the IRS, that they are following procedures that provide the best value for the taxpayers' dollars that are being used.

The CHAIRMAN. Thank you, Ms. Williams.

I now call upon Senator Grassley.

Senator GRASSLEY. First of all, I was reminded as Ms. Killefer introduced herself and her past role on the Hill here, that I did not spend very much time shaking hands with you because I usually saw you in an entourage and dealt with you regularly before this committee, and I apologize for not giving you the attention I did the other members of the board.

First of all, I will not ask each of you to respond to the first question the same way the Chairman did, because I hope that it is a positive assent to the statement I am going to make. But, if there is a disagreement, would any of you who feel that you cannot do that then speak up and separate yourself from the rest.

One of the major problems deals with modernization. We spent billions of dollars that have literally been wasted over years, supposedly updated the computer system.

I would like a commitment from each of you that you will scrutinize every modernization plan to make sure that the taxpayers' money is well spent, and besides taxpayer service, it seems to me that this will play a very major role in determining the success of the board.

[No response]

Senator GRASSLEY. All right. There is no dissent on that, and I appreciate that very much, so we will assume a positive response from each of you.

A second point, and this will be a question that hopefully most of you can answer. If you cannot, then obviously I would like to have you say that you cannot answer if you cannot. So this would be a question to each one of you, the same question.

I am concerned about what I see as attempts to undercut reform. One of these attempts involve what appears to be an internal backlash against what has disparagingly been referred to as the "10 Deadly Sins."

I understand that this topic came up at yesterday's hearing, and I was not able to be at yesterday's hearing, Mr. Chairman, because I was managing the bankruptcy bill on the floor of the Senate.

I just wanted to reiterate a point I made a year ago when this first started. Collections from enforcement only amount to a few

percentage points of our whole collection effort. Enforcement statistics were already, a year ago, decreasing before the reform bill became law.

So to make the assertion that the reform law that you folks are part of is having a major effect on the overall collection effort, is just off base, I feel. So I would be interested if any of the nominees disagree with this point.

Mr. Farr?

Mr. FARR. I wish I knew more of the facts. What you say sound sensible. I think one of the things that you are pointing out, is that we had better look at this pretty thoroughly, because I certainly do not have a fact base.

Senator GRASSLEY. That is all right.

Mr. Killefer?

Ms. KILLEFER. I do not think, in its spirit, it did. I would say that, because of the timing of actually putting in new rules and regulations, there was what I call a one time and temporary reduction. It is very temporary. It does not have to do with the spirit of the law or its sustained impact.

Senator GRASSLEY. Mr. Levitan, if you could answer.

Mr. LEVITAN. From the testimony that went on yesterday, it was clear that the collection statistics are significantly down. Myself, individually, know that the board has had the opportunity to really look into this and understand what the causes are. I think that is one of our roles that we should do as we move forward.

Senator GRASSLEY. Mr. Nickles?

Professor NICKLES. Senator Grassley, again, I, too, do not know the facts. My guess, my punch, is that it is temporal in this process. I know that the Commissioner is addressing education internally of officers and field folks, so if there is any effect, I suspect that will cure it, that education.

Senator GRASSLEY. Mr. Kolbe?

Mr. KOLBE. I would have to agree with both Larry and with the other people, but I just simply do not have enough information.

Senator GRASSLEY. That is all right.

Mr. KOLBE. The timing needs to be looked at, I think.

Senator GRASSLEY. All right.

Mr. Tobias?

Mr. TOBIAS. Senator Grassley, I think this issue of the pendulum swinging one way or the other is what has been going on in the IRS for years, and years, and years, swinging, changing the policy at one point in time to more customer service, swinging it to the other side to more enforcement activity. It seems to me it was that last swing that you all responded to.

What I see happening now, is the Internal Revenue Service and Commissioner Rossotti attempting to do both. That is, to provide customer service, but also administer the tax laws fairly.

The goal is not to increase enforcement, but to increase compliance. That is really what the measure needs to be, how are the taxpayers complying with the law. Not whether the IRS has a certain number of liens, or a certain number of actions, or a certain number of dollars collected, but rather, are the actions that the IRS is taking overall increasing the compliance effort?



So I think the IRS is implementing new measures, I think the IRS is providing additional training. I think, as Commissioner Rossotti said yesterday, what we are seeing is a temporary problem with the implementation of a very complex law.

Senator GRASSLEY. All right. Before I ask Ms. Williams, a reminder to you, and hence to everybody, that one of the very strong conclusions that probably did not take any change of law, the work of our Restructuring Commission, and I am responding now to your point about compliance, but responding to that first contact that the taxpayer makes with the IRS for information to be responsive and to be a correct response, and also to have a pleasant relationship, that first contact made, is the best thing that we can do to enhance compliance.

Mr. TOBIAS. That is a key part of the reorganization effort. All of these operating divisions, unlike in the past, have pieces that are responsible for contacting taxpayers before they file in order to avoid problems rather than trying to fix them after years and years have elapsed.

Senator GRASSLEY. All right. Ms. Williams, if you can answer. If you do not have an answer, you do not have to answer.

Ms. WILLIAMS. Senator Grassley, I do not really have all of the facts on this. I think, certainly, this board is going to look very closely at the issue of customer service.

I think that the Commissioner is committed to making that a key element of the reform package. I can only say, we will work with him and work with you to see that that occurs.

Senator GRASSLEY. My last question deals with, once again, the issue of independence, which I think is so important. When I talk about the Treasury, the IRS, and the White House, I do not mean just a Democrat White House, but whatever President is in power it would apply to.

With my experiences with the commission, I do not have any doubt that certain forces in Treasury, the IRS, and even the White House will attempt to exert influence, and even control, over the board.

What assurances do we have from each of you that, if these attempts are made, that they will not be successful? Mr. Farr?

Mr. FARR. I do not think there are any assurances. I believe that there are some safeguards that we can try to build in. The biggest one that we have, frankly, is the what you wrote into the law about the budget, the ability that we can look at a budget and the programs that support that budget and, if necessary, see that that is submitted directly to the President without OMB's involvement, or the Senate's involvement, or anyone else's.

That is our ultimate club, because that is the one that says we really disagree with what is going on, or we really believe this is what must happen. That is a part of the public record, so we have the public that we are accountable to for that.

Senator GRASSLEY. Ms. Killefer?

Ms. KILLEFER. What I can do is pledge individually, and I think we as a board collectively will commit, to maintaining our independence, and our thoughtful independence, from both the IRS, Treasury, and whatever administration exists to follow what I believe is a long-term reform course that has to be undertaken. I

think, if we shift with the winds, we are doing a disservice to what this oversight board is all about and what the Reform Act was all about.

So I think we are all, having spent time together yesterday and last night, very committed to the path of reform.

Senator GRASSLEY. Mr. Levitan?

Mr. LEVITAN. Senator Grassley, I think your assurances really could be two-fold. Number one, is the commitment from each of us individually and the board as a group that we will operate in a completely independent manner, and that we will not allow ourselves to be subject to the kinds of pressures that you have described.

Second, is the examination by you and your staff of our individual backgrounds and histories of being strong-minded and independent in the previous roles that we have had throughout our business or public service career.

Senator GRASSLEY. All right. Mr. Nickles?

Professor NICKLES. Senator Grassley, as I said in my statement, I pledge independence, and second, adherence to the law. It is clear the law makes us an independent body.

I would add a third point, that for my life I have been an academic and I am completely immune to any influence as an academic.

Senator GRASSLEY. I have found that to be true too often. [Laughter.]

Mr. Kolbe?

Mr. KOLBE. Senator Grassley, I think I have always prided myself on being able to make a quick study of the people that I come in contact with. I think I can tell you that I have a real sense, from being with this group of people the last 2 days, that there is a level of integrity and commitment, having been with these folks, that I think you do not need to worry about that. I think it will take care of itself.

Senator GRASSLEY. Mr. Tobias?

Mr. TOBIAS. Senator Grassley, you certainly have my pledge of independence. Also, I think you have a proven record of independence. You might recall, when the commission was thinking about creating an oversight board, there were those who supported it and those who did not. I was one of those who supported it; those who did not were those folks that you were most fearful of influencing the board now.

I think the record reflects that I exercised independent judgment, I continued to support the creation of the oversight board, signed the report, and now am pleased to be a nominee to serve on the board. So I think it is my pledge, coupled with my performance.

Senator GRASSLEY. And I have pleasant memories of your demonstration of that independence as a member of the Restructuring Board.

Ms. Williams?

Ms. WILLIAMS. Senator Grassley, as I said in my statement, I believe in the independence of this board. I am committed to performing the tasks that are set out for us. If confirmed by the Senate, we will take an oath to uphold the law. It is very clear that the intent of this law is for us to act as an independent board.

Senator GRASSLEY. I thank each of you for your kind attention to my questions. Thank you all very much, and good luck.

The CHAIRMAN. Senator Moynihan?

Senator MOYNIHAN. Well, sir, lest we starve the board before they begin to function, I will be very brief. It is well past the noon hour.

I recall, I have a predecessor, a great Republican leader in the 1880's, Roscoe Conkling, Senator Conkling. He was no friend of civil service legislation. He once said that, when Dr. Johnson declared patriotism to be the last refuge of a scoundrel, he underestimated the potential of reform. [Laughter.]

I hear you all saying that you are in favor of reform, but I would have thought that we have done the basic structural changes that were in order. The idea of dividing the work into four general classes of taxation, it seems to me, a superbly useful one.

What I would look and hope for from you is that you would tell us how it is going, and is it working. It sounded good, but is it, in fact, turning out that way?

You have another problem which I hope you will attend to or think about, which is increasingly a government problem. How do you get the kind of advice, and implementation, and conceptualization that you cannot pay for. You cannot hire the computer analysts that the private sector can given current salaries. I mean, the difference in compensation is on the order of four or five. I do not have to tell Mr. Farr, Ms. Killefer, Mr. Levitan. That is a problem.

Another problem you heard yesterday is the question of, whilst you strive to make things simple and efficient in the system, do we in the Congress keep adding to complexity? It is an institutional problem we have.

Mr. Chairman, last night, by a vote of 83 to 14, we passed a bankruptcy bill which had a large tax section. Mr. Chairman, I attest that I did not read a line of it, have not the slightest idea of what was in it, do not know where it came from. Now, I know that will not be the case with you, sir.

The CHAIRMAN. Absolutely.

Senator MOYNIHAN. You have gone over it carefully. But I do not think many of the other 82 had. That is beginning to be a problem. Jurisdiction on these matters. I thought taxes had to originate in the House of Representatives, as it says in the constitution. Professor Nickles would tell us that.

I hope you would attend to these things and to some real structural problems. The Marine Corps can get people who will do this kind of work, because you are also a Marine. They have parades, medals, and uniforms, and a career that is important to them, and values that are important to them.

But I am not sure the Defense Department will any longer, outside of the National Security Administration. This is just a generalized problem in government which is very specifically in place in a thing like the IRS.

Lawyers—I am sorry, Ms. Williams—have it pretty easy. They go in and they work for 5 years in the IRS and they learn about the way it works, they get some contacts, then they leave and they are well looked after ever after. It is not the same with things like com-

puter analysts. Do you generally get what I am saying; does it make any sense to you? Well, good. Thank you. We just admire you so much. You are wonderful. Are the politics already heated about who will be chairman? All right. Welcome to our world.

One last question, Mr. Chairman, on which I would like to hear an answer. You will have a budget from the IRS and you will have staff, is that right?

Ms. KILLEFER. That is correct.

Senator MOYNIHAN. And that has been assured you? Thank you. And thank you.

The CHAIRMAN. Let me just make one observation, because I think the good Senator from New York has raised a number of serious problems. But I would like to point out that we did provide considerable flexibility in the legislation in the hiring of a new management team.

Senator MOYNIHAN. How many will be paid \$450,000 a year?

The CHAIRMAN. You are right. They will not be paid that. But we did enable the Commissioner to really, surprisingly, attract outstanding people.

Senator MOYNIHAN. Mr. Chairman, I do not think that is the case. I think he found outstanding patriots.

The CHAIRMAN. Well, there is some truth in that. There are those who are willing to sacrifice to serve. But it is not only the Marines. There are people who are willing to sacrifice to serve in this kind of an organization, and for that I am deeply grateful. But you are right, it does not correct the basic problem in government.

Well, ladies and gentlemen, we appreciate your staying through lunch. We will not be voting on your nominations today, but it will be done very promptly.

We will keep the record open until the conclusion of the session for those that wanted to submit written questions. We would ask that you return those as promptly as possible.

Thank you again very much for being here. We think this is a critically important undertaking for all of the American people. Thank you very much.

The committee is in recess.

[Whereupon, at 12:31 p.m., the hearing was concluded.]

## APPENDIX

### ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

#### PREPARED STATEMENT OF GEORGE L. "CHUCK" FARR

Mr. Chairman, Senator Moynihan and Members of the Committee, I am honored to appear before the Committee as you consider my nomination to be a member of the IRS Oversight Board.

It is truly an honor to have been nominated by the President for this position. I am particularly grateful to Commissioner Rossotti for his interest in and support of my nomination. He is providing outstanding leadership for the IRS and it is my earnest desire to be able to make a contribution to his effort to achieve the goals that this Committee and he have established for the Agency. The IRS Oversight Board, which will provide for an independent review of IRS operations, will assist the IRS in fulfilling the mandates of the IRS Restructuring and Reform Act of 1998. I applaud the contributions that Chairman Roth and this Committee have made to IRS reform and to creating the Oversight Board.

Mr. Chairman, I have spent my entire career working principally with consumer-oriented businesses. For 25 years, I worked for the strategic consulting firm McKinsey & Co. helping a variety of clients develop and implement strategic and operational plans related to business turnarounds. I recently retired from the American Express, Inc. where I served as Vice Chairman for five years and participated in the overall management of the company including strategic and operating decisions.

I welcome the opportunity to use my extensive experience in the private sector to help address the wide array of issues facing the IRS. Specifically, I believe my experience will enable me to help advise the Agency in matters of strategic planning and customer service. If confirmed as a member of the IRS Oversight Board, I will be committed to achieving the goals for the Board set out in the Restructuring and Reform Act of 1998.

Thank you, Mr. Chairman. I would be pleased to answer any questions that you or other members of the Committee might have.

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

**A. BIOGRAPHICAL INFORMATION**

1. Name: **George L. Farr**
2. Position to which nominated: **IRS Oversight Board**
3. Date of nomination: **August 5, 1999**
4. Address: **Home: 69 Vineyard Lane Greenwich, CT 06831**  
**Office: 9 Greenwich Office Park Greenwich, CT 06831**
5. Date and place of birth: **March 27, 1941 Portsmouth, VA**
6. Marital status: **Married to Pamela Ann Kennett**
7. Names and ages of children:
  - Tamara 35**
  - Brian 32**
  - Randy 29**
  - Eric 26**
  - Jessica 10**
8. Education: **Bloomfield Hills High School 1955-1958**  
**University of Michigan (BA) 1958-1963**  
**University of Michigan (MBA) 1963-1964**
9. Employment record:
  - Procter & Gamble- Cincinnati, OH 1964-1968, Brand Manager**
  - McKinsey & Co.- New York, NY 1968-1995, Director**
  - American Express- New York, NY 1995-1998, Vice Chairman**
  - Muirhead Holdings- Greenwich, CT 1998-Present, Principal**
10. Government experience: **NONE**
11. Business relationships:
 

<u>Name:</u>	<u>Dates:</u>
<b>Director, McKinsey &amp; Co., Inc.</b>	<b>1968-1995</b>

<b>Principal, Muirhead Holdings, LLC</b>	<b>1998-Present</b>
<b>Vice Chairman, American Express Co.</b>	<b>1995-1998</b>
<b>Director, Misys PLC</b>	<b>1998- Present</b>
<b>Director, Swiss Reinsurance Co.</b>	<b>1997- Present</b>
<b>Director, Ogden Corp</b>	<b>1999- Present</b>
<b>Consultant to several companies as member of McKinsey &amp; Co. staff. Principally, Smith Klein Beecham, American Express, Dun &amp; Bradstreet, Readers Digest.</b>	

12. **Memberships:**  
**Visiting Committee, University of Michigan**  
**Board Member, National Dance Institute (New York, NY)**  
**Board Member, Police Athletic League (New York, NY)**  
**Board Member, National Academy Foundation (New York, NY)**

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.

<b><u>Candidate:</u></b>	<b><u>Year:</u></b>
<b>George Bush \$1000</b>	<b>1991</b>
<b>Charles Shumer \$1000</b>	<b>1999</b>
<b>Bill Bradley \$1000</b>	<b>1999</b>
<b>George Bush, Jr. \$1000</b>	<b>1999</b>

14. **Honors and Awards: NONE**

15. **Published writings: NONE**

16. **Speeches: NONE**

17. **Qualifications:**

**The IRS is going through a fundamental change program to improve both its efficiency and effectiveness. I have spent nearly 30 years helping large service organizations deal with structural and organization changes- -including two major, multi-year efforts to "recreate" an enterprise. Lessons learned from these experiences should be relevant to the IRS task. In addition, I sit on the Boards of three major companies, and that experience should be helpful in understanding how to provide independent help/ guidance and oversight to the**

**new IRS management team. I believe that I have much to offer in the areas of management of large service organizations and organizational development, among others.**

**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. **No, I do not believe there is a conflict with my business or business relationships and an IRS Oversight Board position.**
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. **I intend to continue the activities described in this document.**
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, other than the continuing activities described in this document.**
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. **NONE**
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. **I know of no such relationship, dealing or transaction that could result in a conflict of interest. I will consult with the Ethics Counsel should any such issue arise.**
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.) While I am not aware of any potential conflicts of interest, I will consult with Ethics Counsel to resolve any conflicts that arise.

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:

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.

N/A

#### **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.

**1962 Ann Arbor, Michigan. The FBI informed me a record exists in Ann Arbor, MI. I do not recall being arrested. I was questioned regarding a prank pulled by one of my roommates but I was not involved (he threw a ball through a window at the police station).**

**1959 Morgan City, LA. Selling door to door without a license. I was arrested for selling door to door without a license. There was no investigation and I was released and told to sell elsewhere.**

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

**Farr v. Farr 1988 Divorce, granted (NY)**

**Farr v. Applegate 1990**

In 1990, I sued Applegate in the amount of \$25,000 for a real estate contract dispute in Florida state court. The case was settled out of court. This was a personal case.

**Farr v. Sullivan 1991**

In 1991, I sued Sullivan in the amount of \$270,000 for a breach of contract. In Florida state court. The case was settled out of court. This was a personal case.

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

## PREPARED STATEMENT OF NANCY KILLEFER

Mr. Chairman, Senator Moynihan and Members of the Committee, I am honored to appear again before this Committee as you consider my nomination to be a member of the IRS Oversight Board.

I am pleased to have several guests with me today including my husband, Bob Cumby.

As you might remember, I recently completed two and a half years in the Treasury Department as Assistant Secretary for Management and Chief Financial Officer. During this time, I reported directly to the Secretary on all matters involving financial and internal management of the Department and its bureaus, including budget, personnel, management, and procurement policy. I also was the Treasury's primary interface with the IRS and spent many, many hours learning about the IRS and working side by side with the senior leadership team, including six months as co-chair of the IRS Customer Service Task Force.

Shortly after I arrived at the Treasury Department, I met Charles Rossotti when he was being considered for the position of Commissioner. From my initial meeting with him, I realized that he was the ideal person to lead the IRS given his leadership skills and extensive management and technology experience. He understood immediately the enormous challenges the IRS faces in providing high quality service to taxpayers while also collecting the revenue needed to fund the American government. After almost three years of working side by side with Charles to modernize the IRS, I can state unequivocally that he is the right man for the job. Together we forged a partnership between the Treasury and the IRS that has better positioned the Agency to move forward on the goals set forth in the Restructuring and Reform Act of 1998. You may be assured, Mr. Chairman, of my complete commitment to achieving the goals set forth in this law.

I have recently returned to McKinsey & Co, a strategic management consulting company, where I have spent over 18 years developing market strategies and improving organizational effectiveness of large customer-oriented companies. During my career, I have helped other large organizations undergo the kind of fundamental change the IRS has embarked upon. While the challenges facing the IRS are enormous, I know they can be surmounted. The IRS now has a clear plan for moving forward and the right leadership team in place—a team that understands what needs to be done to best serve the American public. The creation of the IRS Oversight Board is an important development and will help ensure that IRS reform succeeds. There is no other government agency that touches the lives of virtually every American citizen and I am committed to doing my part to ensure that the American public is well-served.

Thank you, Mr. Chairman, for considering my nomination as a member of the IRS Oversight Board. I am honored to continue my relationship with the IRS and pledge to do everything I can to ensure the Agency meets—and exceeds—the expectations of this Committee and the American public. I am pleased to answer any questions of the Committee at this time.

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

**A. BIOGRAPHICAL INFORMATION**

1. Name: (Include any former names used.)  
**Nancy Killefer**
2. Position to which nominated:  
**IRS Oversight Board**
3. Date of nomination:  
**January 17, 2000**
4. Address: (List current residence, office, and mailing addresses.)  
**Home: 3114 44<sup>th</sup> Street, NW, Washington, DC 20016**  
**Work : McKinsey & Co., 600 14<sup>th</sup> St. NW, Suite, 300, Washington, DC 20005**
5. Date and place of birth:  
**11/16/53, Key West, Florida**
6. Marital status: (include maiden name of wife or husband's name.)  
**Married to Robert Edward Cumby**
7. Names and ages of children:  
**Jamie Elizabeth - 10**  
**Robert Edward - 7**
8. Education: (List secondary and higher education institutions, dates attended, degree received, and date degree granted.)

**Massachusetts Institute of Technology, 9/77 to 5/79 MSM**  
**Vassar College, 9/71 to 5/75 BA**

- 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.)

1975 - 1977	Charles River Associates, Cambridge, MA - Associate in economic consulting firm
1978 summer	Metropolitan Cultural Alliance, Boston, MA - Associate
1979 - 1985	Associate, McKinsey and Company, Inc., Washington, DC
1985 - 1991	Partner, McKinsey & Company
1991 - 1997	Director, McKinsey & Company
1997 - 1999	U.S. Department of Treasury, Assistant Secretary (Management)/Chief Financial Officer
2000 - present	Director, McKinsey & Company

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 [for the past 10 years] 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.)

**McKinsey & Company, Inc. partner; Principal 1985 - 1991; Director 1991-1997, 2000-present.**

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

**None**

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.

**1992 - \$500 to congressional campaign of Jim Bassett  
1998 - \$1000 to campaign for Congressman Mahoney**

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.)

- Member of Omicron Delta Epsilon Honor Society in Economics
- Ruth Hutchinson Gillette Prize for Outstanding Senior Thesis in Monetary Econ.
- Departmental Honors from Vassar College

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

**None**

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.)

**See Attachment 1.**

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

**I have close to 18 years of experience in consulting for leading private sector corporations on the full range of management issues. I have an undergraduate degree in economics and a Masters degree in management with a concentration in Finance. Since taking the position as Assistant Secretary for Management and Chief Financial Officer of the Treasury Department, I have been involved with the oversight of the IRS on a daily basis and have worked closely with Commissioner Charles Rossotti to develop the IRS Modernization Plan.**

## **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.

No.

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.

Yes, I am a director at McKinsey and Co.

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 (other than McKinsey and Co.).

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.

None.

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.

I know of no such relationship, dealing or transaction that could result in a conflict of interest. I will consult with ethics counsel should any such issue arise.

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.)

**If I were in such a position, I would immediately recuse myself from the matter and seek the advice of the Treasury ethics officials. I would take any action(s) that they deemed appropriate.**

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:

**Not applicable.**

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.

## PREPARED STATEMENT OF CHARLES KOLBE

Mr. Chairman, Senator Moynihan and Members of the Committee, I am honored to appear before this Committee as you consider my nomination to be a member of the IRS Oversight Board.

I am pleased to have several guests with me today: my wife, Sue; my daughter Caran, her husband Chris and their son Colby; my daughter Jill and her fiance John.

I am currently the Chairman of the Board of Red Oak Hereford Farms located in the great state of Iowa. We produce and market premium quality corn-fed hereford beef for the US and world market. I am also the owner of Kolbe Cattle Company, a general farming operation in western Iowa, and I was a partner of the Midland Cattle Company, an \$80 million-a-year live cattle brokerage company. Midland Cattle Company is now a wholly owned subsidiary of Red Oak Hereford Farms. In addition, I have held several leadership roles throughout my career including President of the Iowa Cattlemen's Association and Chairman of the Iowa Beef Industry Council.

My experience in running a successful business has provided me with insight into the challenges of complying with complex tax laws and regulations as well as a unique perspective on the millions of taxpayers throughout this country who are involved in production agriculture. I have also become familiar with the concerns of those involved in international business operations through my participation in trade missions to Japan, Korea, and China, as well as doing actual beef business in Europe and the Pacific Rim.

Mr. Chairman, if confirmed as a member of Oversight Board, you have my commitment that I will use my knowledge and experience from the private sector to work with Commissioner Rossotti, the other board members, and the thousands of dedicated IRS employees to help carry out the Restructuring Act to a degree that will meet and hopefully exceed your expectations. The IRS Restructuring Board will play a vital role in shaping the IRS of the future, and it would be an honor to participate in this historic task.

Thank you Mr. Chairman. I am honored to appear before the Committee this morning and would like to answer any questions that you or the other Members of the Committee may have.

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

**A. BIOGRAPHICAL INFORMATION**

1. Name: (Include any former names used.)  
Charles L. Kolbe
2. Position to which nominated:  
Member, IRS Oversight Board
3. Date of nomination:  
October 14, 1999
4. Address: (List current residence, office, and mailing addresses.)  
300 Walnut #198  
Des Moines, IA 50309  
(same address for all of above)
5. Date and place of birth:  
December 30, 1941, Carroll, IA
6. Marital status: (include maiden name of wife or husband's name.)  
Married; Karen Sue Hetzel
7. Names and ages of children:  
Caran Kolbe McKee (36)  
Jill Kolbe (31)  
Maggie Kolbe (25)
8. Education: (List secondary and higher education institutions, dates attended, degree received, and date degree granted.)

Lake View Auburn High School, 1956-1960, Diploma May 1960;  
Iowa State University, 1960-1965, B.S. Animal Science May 1965.

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.)**

Sole Proprietor, Kolbe Cattle Co., Lake View, IA, 1965-present;  
President, Wall Lake Cattle Co., Lake View, IA, 1986-present;  
Partner, Midland Cattle Co., Red Oak, IA, 1986-1997;  
Chairman (uncompensated) and Consultant, Red Oak Hereford Farms,  
Red Oak, IA, 1998-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 [for the past 10 years] 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.)**

See response to Question A.9, above;  
Director, Plaza Condo Board (residence), 1998-present.

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

Iowa Cattlemen's Association;  
Iowa Beef Industry Council (member, Board of Directors);  
Tau Kappa Epsilon (member, Alumni Board of Control);  
National Cattlemen's Beef Association (member, Board of Directors)

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.

None

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.)

Cardinal Key, Iowa State University (leadership, service, and academic honor);

Gamma Gamma, Iowa State University (leadership recognition).

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

Wrote a monthly newsletter/column for the Iowa Cattlemen's magazine in 1997.

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.)

None

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

Over my entire life I have held positions of leadership. In high school I was the student body president, captain of the football team etc. In college, and most of the rest of my life, I have sought and held these types of positions. I feel the vast majority of the time I have made positive contributions and have left the position and organization in better condition than I found it. I think my judgment is sound and I have the ability to negotiate in the interest of the best final decision. I understand the need of the federal government to generate tax revenue and the right of the taxpayer to be treated respectfully and fairly. I can also appreciate the difficulty for the IRS to achieve both sides of this equation.

**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.

No. Membership on the IRS Board of Directors is a part-time position. None of my business or association activities present any reasonable possibility of a conflict with my future duties as a Board member.

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.

Yes. I will continue to engage in the activities described in my response to Questions A.9 and A.11.

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.

None

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.

I know of no such relationship, dealing or transaction that could result in a conflict of interest. I will consult with ethics counsel should any such issue arise.

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.

I was the President of the Iowa Cattlemen's Association (ICA) in 1997. The ICA publicly declared its support during my tenure as President in favor of the Freedom to Farm Bill. I led a delegation of ICA members which met with Iowa's Senators and Representatives in Washington to discuss ICA's position on the Bill. The ICA also took certain positions concerning various Department of Agriculture policies and regulations.

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.)

While I am not aware of any potential conflicts of interest, should one arise, I will consult with ethics counsel.

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:

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.

N/A

**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.

Yes. I am presently suing the State of Iowa for failing to adhere to its rules on the issuance of drivers licenses and for failing to require an eye test. Both actions are based upon an accident in which a visually impaired driver struck a bicycle I was riding, causing me serious bodily harm. The action regarding the issuance of a drivers license has been tried, and a verdict was entered for the State. The case is currently on appeal to the Iowa Court of Appeals. The action involving the failure of a State doctor to require the driver to undergo an eye test before obtaining a license has not been tried as of yet.

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**

## PREPARED STATEMENT OF LARRY R. LEVITAN

Mr. Chairman, Senator Moynihan and Members of the Committee, I am honored to appear before this Committee as you consider my nomination to be a member of the IRS Oversight Board.

It is truly an honor to have been nominated by the President for this position, and I am particularly grateful to Commissioner Rossotti for his interest and support of my nomination. I have seen first-hand the outstanding leadership he is providing for the IRS and I am looking forward to continuing to assist his efforts to achieve the modernization goals you and he have established for the Agency.

Mr. Chairman, I spent thirty-four years with Andersen Consulting as the firm grew from 500 employees to over 50,000 professionals. During my career I held numerous senior management positions. I worked with many large corporations and government agencies, such as Bell South, Delta Airlines, Xerox and the UK Department of Health and Social Services as they restructured their organizations, management processes and information systems, just as the IRS is doing today.

The IRS has one of the largest computer systems in the world and one of the most outdated. This undisputed fact has, no doubt, given the Committee great concern. I know that previous attempts to modernize the tax system have met with limited success, to say the least. What is different this time? Many things, including:

The committed and hands on leadership of a Commissioner who has spent his professional career successfully leading large-scale change programs.

Secondly, a completely different approach. An approach that realizes that rebuilding the computer systems without rethinking how the IRS does business is like paving cow-paths. An approach to modernization that is broad and far reaching, addressing not only the computer systems but the structure of the organization, the skills of the IRS employees and the agencies underlying business processes.

Another important difference is that this effort is based on critical partnerships. Partnerships between the IRS and the private sector, which is contributing invaluable experience and skills to the effort. Partnerships between all elements of the IRS organization: executive management, information technology and the organizational units that will use the new technology to better serve the public. And finally, a partnership between the IRS and the legislative branch of government, which has provided the leadership, support, and oversight that is so necessary for this program's success.

Mr. Chairman, if confirmed as a member of the Oversight Board, I am committed to assisting the IRS in achieving the goals laid out by this Committee and Commissioner Rossotti. The Oversight Board has a vitally important task ahead. I pledge to use my knowledge and expertise of information technology, the management of large scale change programs and of large customer service organizations to guide the IRS in its modernization efforts.

Thank you, Mr. Chairman. It is an honor to appear before this Committee. I would be pleased to answer any questions that you or other Members of the Committee might have.

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

**A. BIOGRAPHICAL INFORMATION**

1. Name: (Include any former names used.)  
Larry R. Levitan
2. Position to which nominated:  
IRS Oversight Board
3. Date of nomination: May 27, 1999
4. Address: (List current residence, office, and mailing addresses.)  
9728 Beman Woods Way, Potomac, Maryland 20854 (office and residence)
5. Date and place of birth: Brooklyn, New York, June 11, 1941
6. Marital status: (include maiden name of wife or husband's name.)  
Married – Roselyn Rundbaken
7. Names and ages of children: Jennifer Levitan Behm, 29 years old
8. Education: (List secondary and higher education institutions, dates attended, degree received, and date degree granted.)  
Southwest Miami High School – Attended 1956 – 59, graduated May 1959  
University of Florida – Attended 9/59 – 5/63, BSBA – Accounting – 5/63

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.)

Andersen Consulting – Joined 5/63, Admitted to Partnership 4/74, Retired 8/97,  
Held numerous Managing Partner Positions,  
Have worked at Andersen offices in Atlanta, London, Chicago, St. Louis,  
Washington and New York

Internal Revenue Service – Part time employee – Advisor to the Commissioner  
on management and technology matters – 2/98 to present. Will resign this  
position if and when I am appointed to the Oversight Board

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 [for the past 10 years] 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.)

Andersen Consulting – Partner until retiring 8/97  
Sequent Computer Systems – Board of Directors since 1998  
Choice Hotels International – Board of Directors since 1999  
Las Colinas – Limited Partner since 1983

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

Initiative for a Competitive Inner City [civic] Board Member  
Baltimore Advisors [civic] Board Member

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.
    - 1- AIPAC - 1996 - \$100, 1995 - \$250, 1994 - \$500
    - 2- Dole for President Committee - 1995 - \$500
    - 3- Andersen Consulting PAC - 1993 - \$500, 1992 - \$600, 1991 - \$215
    - 4- Governor of New Jersey Gala Dinner - 1991 - \$700
    - 5- Friends of Connie Morella - 1990 - \$200
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.) - None
15. **Published writings:** (List the titles, publishers, and dates of all books, articles, reports, or other published materials you have written.) - None
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.) - None
17. **Qualifications:** (State what, in your opinion, qualifies you to serve in the position to which you have been nominated.)

I have had 34 years of experience as a business consultant and senior executive of a worldwide consulting firm. During that period I worked with numerous corporations and government agencies which were facing large scale change initiatives. I have particular expertise and experience in the successful planning, design and implementation of large scale technology projects. During the past 18 months I have worked as an advisor to the Commissioner of the IRS on management and technology matters. I have gained an understanding of the challenges faced by the IRS and the actions that need to be taken to address these challenges.

**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.

I will resign my part time advisory position with the IRS. I do not plan to resign my current corporate or civic Board positions.

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.

I will continue to serve on boards of directors of the organizations listed in the answers to questions A. 11 and A. 12. In the future I may also serve on the boards of directors and may provide part time consulting services to other business and civic organizations.

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. - None
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.

I know of no such relationship, dealing or transaction that could result in a conflict of interest. I will consult with ethics counsel should any such issue arise.

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.)

While I am not aware of any potential conflicts of interest, should one arise, I will consult with ethics counsel to resolve any such issue.

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:

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



## PREPARED STATEMENT OF STEVE H. NICKLES

Mr. Chairman, Senator Moynihan and Members of the Committee, I am honored to appear before this Committee as you consider my nomination to be a member of the IRS Oversight Board.

I am pleased to have several guests with me today: my wife, Dorothy Vernon, and my children Ellen and Thomas.

I am a teacher at Wake Forest University. I hold the C.C. Hope Chair in Financial Services and Law at the Wake Forest University School of Law. The University motto is Pro Humanitate, which means education for the benefit of humanity. Public service is an especially important part of my job. I am therefore very grateful for this opportunity to serve our country as a member of the Internal Revenue Service Oversight Board. I thank the President, my long-time friend and former law school colleague, for nominating me to serve on this important Board. I also thank you, Mr. Chairman, and Members of the Committee and your excellent staff for the help and kindness you all have provided me.

I have taught law for almost 25 years, specializing in commercial and debtor-creditor law, including bankruptcy. I've written extensively in all these areas, including a co-authored text on debtor-creditor law that has been used in law schools throughout the country.

I would add that I've also worked in government at the local, state and federal levels. I know from years of personal experience that full-time government service is filled with good, hard-working, well-intended, honest people who are fully dedicated to their jobs and the public they serve. I believe this perspective would be helpful in dealing with the many issues the IRS Board will have to contend with in the years ahead.

Mr. Chairman, if confirmed as a member of the Oversight Board, I plan to come to the table with an open mind informed by my own experiences. I'll listen and learn and listen even more. I'll practice due diligence by myself and with appropriate help. Finally, I'll act in light of and pursuant to the terms and spirit of the Reform Act. I will not act freely for myself without direction. You have my commitment that I'll act for the country in a role designed by Congress and for their purposes. I fully support the goals set forth in the IRS Reform and Restructuring Act of 1998, and the Oversight Board will be an important vehicle in implementing the changes necessary to reach these goals.

Thank you, Mr. Chairman. I would be pleased to answer any questions that you or other members of the Committee might have.

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

Response of  
Steve H. Nickles  
Nominated to the Internal Revenue Service Oversight Board  
Date of Response: June 1, 1999

**A. BIOGRAPHICAL INFORMATION**

**1. Name**

Steve Harlon Nickles

**2. Position to which nominated:**

Internal Revenue Service Oversight Board

**3. Date of nomination:**

May 27, 1999

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

Residence: 101 Belle Vista Court, NC 27106

Office: Box 7206, Reynolda Station, Wake Forest University,  
Winston-Salem, NC 27109

**5. Date and place of birth:**

September 28, 1949; Little Rock, Arkansas

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

I have been married almost 29 years to Kathryn Jane Ritgerod Nickles.

**7. Names and ages of children**

Ellen Marie Nickles, 21; Thomas George Nickles, 18

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

- Columbia University in the City of New York (in residence 1976-77), LL.M., 1977; J.S.D., 1980.

- University of Arkansas, Fayetteville, Arkansas (in residence 1967-75), B.A., 1971; M.P.A., 1972; J.D., 1975
  - North Little Rock Senior High School, North Little Rock, Arkansas (in residence 1964-67), graduated 1967
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.)**
- At the end of 1971 I graduated from the University of Arkansas at Fayetteville. In the first part of 1972 I worked for Congressman David Pryor in Washington, D.C. as a special assistant. I returned to Fayetteville in the fall, 1972, to begin law school. During law school I worked part time at Perry's Jewelry Store in Fayetteville, Arkansas, as a sales clerk. I also worked in the county prosecutor's office and as a law clerk for a local lawyer, David R. Malone, who was also the Fayetteville city attorney.
  - In the winter and spring, 1975, following my graduation from law school, I worked in the administration of Arkansas Governor David Pryor as a legislative assistant to the Governor and then as director of the Office of Governmental Efficiency. In the summer, 1975, I trained with the United States Army at Fort Huachuca, Arizona, in a program for officers of the military intelligence branch.
  - In the fall, 1976, I began my career as a law teacher at the University of Arkansas School of Law, Fayetteville, and since then have worked full time as a law teacher. In reverse order, here is my teaching record:

*Wake Forest University School of Law and Babcock Graduate School of Management*  
*Winston-Salem, North Carolina*

C.C. Hope Chair in Financial Services and Law	1997-present
Bess and Walter Williams Distinguished Professor	1995-1997

*University of Minnesota Law School*  
*Minneapolis, Minnesota*

Roger F. Noreen Chair in Law	1988-1995
Professor of Law	1983-1987
Visiting Professor of Law	Fall, 1982

*University of Texas School of Law*  
*Austin, Texas*

Visiting Professor of Law	Spring, 1982
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*University of Arkansas School of Law*  
*Fayetteville, Arkansas*

Professor of Law	1980-1983
Associate Professor of Law	1978-1980
Assistant Professor of Law	1976-1978
[Tenured]	[Fall, 1979]

**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.)**

- In 1976, while I was teaching at the University of Arkansas, I also concurrently worked for then-Governor David Pryor as a special assistant for legislative research, policy and drafting.
- During the first few months of 1992, while I was teaching at the University of Minnesota Law School, I commuted between Minneapolis and Washington, D.C. to work as an extra hand in the office of then-Senator David Pryor.

**11. Business relationships: (List all positions held [for the past 10 years] 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.)**

Since 1995 I have worked as a consultant about legal education for West Group (formerly, West Publishing Company), which is centered in Eagan, Minnesota.

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

- AARP (American Ass'n Retired Persons)
- AALS (American Ass'n of Law Schools)
- AAUP (American Ass'n of University Professors), 1996-present
- American Automobile Association (AAA), member for more than last ten years
- American Bar Ass'n (ABA), associate member only, on and off throughout last ten years
- University of Arkansas Alumni Association, member for more than last ten years
- Wake Forest Property Owners' Ass'n, 1997-present (Winston-Salem NC neighborhood where we live)
- Ridgemere Property Owners' Ass'n, 1995-97 (neighborhood in Winston-Salem, NC where we lived)
- Schmidt Lake Property Owners' Ass'n, 1993-95 (neighborhood in Plymouth, MN where we lived)

**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.

Member, Democratic Party

- 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.

10/31/98	Committee to Keep Judge Bell NC state-court judge	\$250.00
03/11/97	Mark Pryor Campaign Fund Arkansas Attorney General	\$100.00
03/19/95	Emily's List	\$50.00
09/10/94	Bouza for Governor Minnesota gubernatorial race	\$100.00
06/01/94	Neighbors for Matt Entenza Minnesota state legislature	\$50.00
03/15/94	Tom Courtway Arkansas state legislature	\$50.00
10/31/92	Todd Van Dellen Minnesota state legislature	\$50.00
09/28/92	Friends of Bill Syler Missouri state-court judge	\$250.00
06/15/92	Clinton for President U.S. presidential campaign	\$50.00
03/19/92	Clinton for President U.S. presidential campaign	\$100.00
05/13/91	School board campaign	\$200.00
10/08/90	Judy Traub Minnesota state legislature	\$50.00
09/30/90	Paul Wellstone U. S. Senate campaign	\$50.00
09/15/90	Harvey Gantt U. S. Senate campaign	\$50.00
10/15/89	Jim Dorsey Campaign Minnesota judicial or legislative	\$50.00
10/31/89	Minnesota Women's Fund	\$50.00

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.)

During college and law school I received various awards based on academic performance and involvement in extra-curricular activities. I was a Harlan Fiske Stone Scholar while a graduate student at Columbia Law School. During my law teaching career I received tenure very early.

I was chaired very early at the University of Minnesota Law School. I have occupied two chaired positions at Wake Forest, including the only such position tenured in both the law school and the graduate school of management.

I have been invited to give endowed speeches at various law schools and to participate in various scholarly symposia.

I have been very active at the national level in professional training of bankers, lawyers and judges and in law reform. It's been a huge honor to have been asked -- often and repeatedly over the years -- to speak to a very wide assortment of state and national, professional groups. In my view the second most important honor I've ever received is serving on the national committee to study re-writing Uniform Commercial Code Article 9, which is a uniform state law governing consensual liens on personal property. The most significant honors I've received, by a long shot, are awards for outstanding teaching. Good teaching is my proudest, professional achievement.

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

*Books*

*Published*

BUSINESS REORGANIZATIONS UNDER CHAPTER 11 (with Klee & Scarberry)	West 1996
DEBT -- BANKRUPTCY, ARTICLE 9 AND RELATED LAWS (with Epstein)	West 1994
MODERN COMMERCIAL PAPER: THE NEW LAW OF NEGOTIABLE INSTRUMENTS (with Matheson & Adams)	West 1993
BLACK LETTER OF NEGOTIABLE INSTRUMENTS LAW	West 1993
NEGOTIABLE INSTRUMENTS AND CHECK COLLECTION (with Speidel)	West 1993
BANKRUPTCY (three vols. Lawyers' ed.) (with Epstein & White)	West 1992
HANDBOOK OF THE LAW OF BANKRUPTCY (student ed.) (with Epstein & White)	West 1992
CASES AND MATERIALS ON THE UNIFORM COMMERCIAL CODE (with Epstein & Henning)	West 1988
BLACK LETTER LAW OF CREDITORS' RIGHTS AND BANKRUPTCY (with Epstein)	West 1988
DEBTORS AND CREDITORS: CASES AND MATERIALS (with Epstein)	West 1987
MATERIALS FOR UNDERSTANDING CREDIT AND PAYMENT SYSTEMS (with Matheson & Dolan)	West 1987

COMMON LAW AND EQUITY UNDER THE UNIFORM  
COMMERCIAL CODE (with Hillman & McDonnell)  
CONSUMER LAW IN A NUTSHELL (with Epstein)

WG&L 1985  
West 1981

**Articles**

- Symposium: Executory Contracts*, 102 DICKINSON L. REV. 681 (with Epstein) 1998
- Disgorgement of Fees Paid to a Professional Person in Bankruptcy*, 102 COMM. L. J. 380 1997
- Symposium: Bankruptcy Reforms for the Bankruptcy Commission - Consider Process Before Substance, Commercial Law Consequences of the Bankruptcy System*, 69 AM.BANKR.L.J. 589 1996
- Managing the Paper Trail: A Revised Filing System*, 79 MINN. L. REV. 877 (with Adams & Sande) 1995
- Pawnbrokers, Police and Property Rights -- A Proposed Constitutional Balance*, 47 ARK. L. REV. 793 (with Adams) 1994
- Amending the Article 9 Filing System to Meet Current Deficiencies*, 59 MO. L. REV. 833 (with Adams) 1994
- Wedding Carlson and Schwartz: Understanding Secured Credit As a Fuzzy System*, 80 VIR. L. REV. 2233 (with Adams & Ressler) 1994
- Tracing Proceeds to Attorneys' Pockets (and the Dilemma of Paying for Bankruptcy)*, 78 MINN. L. REV. 501 (with Adams) 1994
- Radical Reductionism in Debtor-Creditor Law*, 39 CATH. U. L. REV. 765 1990
- Setting Farmers Free: Righting the Unintended Anomaly of UCC Section 9-312(2)*, 71 MINN. L. REV. 1135 1987
- Remedies for Enforcing U.C.C. Article 9 Security Interests Against Subordinate Secured Parties*, 68 IOWA L. REV. 217 1983
- Enforcing Article 9 Security Interests Against Subordinate Buyers of Collateral*, 50 GEO. WASH. L. REV. 511 1982
- Accessions and Accessories Under Pre-Code Law and U.C.C. Article 9*, 35 ARK. L. REV. 111 1981
- A Localized Treatise on Secured Transactions -- Part II: Creating Security Interests*, 34 ARK. L. REV. 559 1981
- A Localized Treatise on Secured Transactions -- Part I: Scope of Article 9*, 34 ARK. L. REV. 377 1980
- Rethinking Some U.C.C. Article 9 Problems - Subrogation; Equitable Liens; Actual Knowledge; Waiver of Security Interests; Secured Party Liability for Conversion*, 34 ARK. L. REV. 1 1980
- State Action and Statutory Liens in Arkansas*, 2 U.A.L.R. L.J. 369 1979
- Creditors' Provisional Remedies and Debtors' Due Process Rights: Statutory Liens in Arkansas*, 32 ARK. L. REV. 185 1978
- Attachment and Garnishment in Arkansas*, 31 ARK. L. REV. 607 1978
- Problems of Sources of Law Relationships Under the Uniform Commercial Code - Part II: The English Approach and a Solution to the Methodological Problem*, 31 ARK. L. REV. 1977

171	
<i>Problems of Sources of Law Relationships Under the Uniform Commercial Code - Part I: The Methodological Problem and the Civil Law Approach</i> , 31 ARK. L. REV. 1	1977
<i>Examining and Grading in American Law Schools</i> , 30 ARK. L. REV. 411	1977

**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.)**

None

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

Passage of the IRS RRA of 1978 was mainly sparked by congressional concern that the IRS abuses taxpayers. Most of the reported abuse occurs by the IRS acting as a creditor in collecting and enforcing taxes, especially through special creditors' rights and processes created for the IRS by federal tax law. The membership of the Oversight Board will be responsive to the main concern of the Reform Act only if one or more members of the Board are experts about debtor-creditor law.

- I have taught law for almost 25 years, first at the University of Arkansas and later at the University of Texas, the University of Minnesota and now at Wake Forest University. From the beginning, I have specialized in commercial and debtor-creditor law, including bankruptcy. I've written extensively in all these areas.
- My several books include a co-authored text on debtor-creditor law that has been used in law schools throughout the country. This book naturally covers the rights of the IRS as a creditor under and beyond federal tax laws. My co-authored, three-volume book on bankruptcy deals repeatedly and extensively with the rights of the IRS as a creditor against individuals and firms.
- Because I also teach commercial law, I'm especially sensitive and knowledgeable about the needs and concerns of small business in dealing with tax enforcement. And I'm sensitive from the practical, operating perspective, too, because I teach business as well as law. My chaired position at Wake Forest is dually tenured in both the law school and the Babcock Graduate School of Management.

At both schools, throughout the University generally and even more widely, I'm deeply involved in the development and application of technology.



- At Wake Forest, I have worked with University officials and IBM representatives who manage the partnership between Wake and IBM that develops and employs leading-edge academic technology.
- I am the senior consultant on academic technology for West Group (formerly, West Publishing Company), a leading publisher of law books and online legal materials.
- Working with West, I helped create a national legal education network (The West Education Network [TWEN]).
- I have spoken at many law schools and colleges across the country about strategic uses of computer technology for higher and legal education.

Additionally, for many years I have studied and taught about the widening law and increasingly varied systems of credit and payment, for both businesses and consumers. I've written a law school casebook on these systems. I'm familiar with the legal substance, business processes and computer technology involved with paying for property and services (retail and wholesale) by cash, check, credit card and more modern, still developing means using the Internet. This familiarity should be helpful in evaluating convenient and better ways for the IRS to handle tax payments and also to handle the agency's own bills and transfers.

In sum, I know fairly well the relevant law, especially tax law enforcement; and I know the interests and rights of taxpayers as debtors and also the rights and interests of debtors' other creditors against the government. I know many of the concerns of taxpayers, especially small business, in dealing with the law. I'm knowledgeable about related technology. In these several ways I satisfy the statutory qualifications for membership on the Oversight Board.

I would add that as a teacher, my main jobs are carefully listening and explaining. The IRS needs to improve its capacity and ability to listen and explain, both to taxpayers and to IRS employees. Wider, better education and training of both groups are essential to IRS reform, and my abilities and interests as a teacher can help insure that education and training are top priorities for the IRS.

## **B. FUTURE EMPLOYMENT RELATIONSHIPS**

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

No. The private-sector members of the Oversight Board are part-time, special employees of the United States. I will continue my duties as a teacher at Wake Forest, and I will continue working with West Group as an author and consultant for legal education.

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

Yes. The details are reported in the answer to the preceding question.

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

None.

2. Describe any business relationship, dealing or financial transaction which you have had during the last ten 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.

I know of no such relationship, dealing, or transaction that could result in a conflict of interest. I will consult with ethics counsel should any such issue arise.

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.

During the last ten years I have worked on various legislation in various states concerning various commercial laws. Most notable are these: proposal in Minnesota to amend U.C.C. 9-312(2) regarding the priority of production

money security interests; statute enacted in Arkansas to further protect the property and constitutional rights of pawnbrokers; Iowa statute of frauds governing bank loans and other credit agreements. I also served for several years on a national committee studying and proposing changes in the national, uniform version of U.C.C. Article 9, which is the principal law in every state dealing with consensual liens on personal property.

- 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.)**

While I am not aware of any potential conflicts of interests, I will consult with ethics counsel to resolve any conflict that arises.

- 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:**

**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.**

Not applicable.

#### **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.**

Yes. In February, 1996, my Wife was jogging along a public street. She was hit by a car. She and I are suing the driver of the car to reach insurance. The case is: Nickles v. McMillian, 98 CVS 6460, which is pending in state court in Forsyth County, North Carolina.

- 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.

## PREPARED STATEMENT OF ROBERT M. TOBIAS

Good morning Mr. Chairman, Senator Moynihan and members of the Committee. My name is Robert M. Tobias and I am very pleased to be here today as a nominee to the Internal Revenue Service Oversight Board.

I was previously honored to serve on the National Commission to Restructure the Internal Revenue Service, which was co-chaired by Senator Robert Kerrey and on which Senator Charles Grassley served as a key member

It was the Commission that originally conceived the creation of an Oversight Board for the IRS. I fully supported the Commission's recommendation and the subsequent legislation creating the Oversight Board championed by Senator Roth and this Committee.

The fundamental role of the Oversight Board is to provide the IRS with advice, support, and recommended resources to ensure the IRS focuses on satisfying the needs of compliant taxpayers while applying the tax law fairly to all taxpayers. This requires a reorganized, revitalized IRS in which employees are clearly focused, adequately trained, and provided with the technology they need to perform the important work of the IRS. Mr. Chairman, you may be assured of my complete commitment to the goals set out by you and the other members of this Committee in the IRS Restructuring Act.

During my 31 years of experience with the National Treasury Employees Union, the last 16 of which I served as the President, I was a consistent voice urging a focus on quality work, involved employees, and satisfied taxpayers as measures of IRS success. I have continued that work as a Professor at the American University since September 1999.

I believe the IRS is moving in the right direction, and I would very much like to continue to do what I can to assist in that effort based on my knowledge of IRS employees, IRS culture, and past IRS struggles to change.

Thank you very much. I would be pleased to answer any questions you may have.

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

The Committee requests the nominee provide the following information in a single written statement by typing each question in full followed by the nominee's response. Please provide three copies of your typed statement to Jane Butterfield, Chief Clerk, 219 Dirksen Senate Office Building, Washington, D.C. 20510.

**A. BIOGRAPHICAL INFORMATION**

- 1 Name: (Include any former names used.)  
Robert Max Tobias
2. Position to which nominated:  
Internal Revenue Service Oversight Board
3. Date of nomination:  
May 27, 1999
4. Address: (List current residence, office, and mailing addresses.)  
Office: 901 E Street, N.W., Washington, D.C. 20004  
Home: 6108 Winnebago Road, Bethesda, Maryland 20816
5. Date and place of birth: August 4, 1943, Detroit, Michigan
6. Marital status: (include maiden name of wife or husband's name.)  
Susan Meader
7. Names and ages of children:  
Rachel Tobias Baldwin, 29  
Christopher G. Tobias, 29  
Lindsay M. Tobias, 26
8. Education: (List secondary and higher education institutions, dates attended, degree received, and date degree granted.)  
Ann Arbor Pioneer High School, 1961  
University of Michigan, BA 1965  
University of Michigan, MBA 1968  
George Washington University Law School, JD 1969

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.)

National Treasury Employees Union 1968 to present

1968- 1970 No title

1970-1979 General Counsel

1979-1983 National Executive Vice President and General Counsel

1983-Present National President

1970-1992 Adjunct Professor of Law, George Washington University Law School

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.)

Federal Employee Salary Council

National Partnership Council

Board of Directors of Federal Employees Thrift Advisory Board

11. **Business relationships:** (List all positions held [for the past 10 years] 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.)

Board of Directors for Fund to Assure an Independent Retirement (FAIR)  
Coalition

Board of Directors for American Arbitration Association

Treasurer, Board of Directors, Federal Employees Education and  
Assistance Fund (FEEA)

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

American Bar Association

District of Columbia Bar Association

St. Albans Episcopal Church

Society for Federal Labor Relations Professionals

Palisades Swimming and Tennis Club

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.

I am a member of the Democratic Party and have served on the finance committees of:

Senator Byron Dorgan 1997  
Congressman John Lewis 1997 and 1998

- 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.

\$500.00 Vice President Gore  
\$150.00 Senator Charles Grassley  
\$50.00 Maryland State Democratic Party  
1980-1999 Contributed \$250/year to TEPAC (NTEU's PAC)

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.)

- Hammer Award from Vice President Gore as a member of the National Partnership Council
- Society of Federal Labor Relations Professionals for contributions to the growth and development of the federal sector labor-management relations program (1987)

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

A monthly column in the *NTEU Bulletin* since September 1983

"Federal Employee Unions and the Human Resource Management Function," S. Condrey (ed.), *Handbook of Human Resource Management in Government*, S.F. Calif, Jossey-Bass (1998)

"Partnership in Governance," *The Public Manager*, Vol. 26, No., 4 (Winter 1997-1998)

"Building a Partnership Today to Meet the Challenges of Tomorrow," *Forum*, No. 30, (Spring/Summer 1996)

"National Treasury Employees Union and the Internal Revenue Service: Creating a Total Quality Organization," E. Cohen-Rosenthal (ed.), *Unions, Management, and Quality*, Chicago, Irwin (1995)



"Federalizing Weingarten An NTEU Perspective," 31 *Howard Law Journal* 271 (No. 2, 1988)

"Labor-Management Co-Determination Integrating Skill and Technology," 6 *Entrepreneurial Economy* 10, 1987

"The Scope of Bargaining in the Federal Sector: Collective Bargaining or Collective Begging," 44 *George Washington University Law Review* 554 (May 1976)

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.)

None

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

A fundamental role of the IRS Oversight Board is to provide the IRS with advice, support, and recommended resources in order to ensure the IRS focuses on satisfying the needs of compliant taxpayers while applying the tax law fairly to all taxpayers. This will require a reorganized, revitalized IRS in which employees are clearly focused, adequately trained, and provided with the technology they need to perform the important work of the IRS. I believe I have the experience, insight, and knowledge about the IRS workplace to help the Board achieve its goal.

I have served as the president of the National Treasury Employees Union since August 1983. I have been a consistent voice urging a focus on quality work, involved employees, and satisfied taxpayers as measures of IRS success. The IRS is now committed to this approach and I would like to be in a position as a member of the Board to help institutionalize the effort. I believe my knowledge of IRS employees, culture, past failures, and barriers to change will assist the Board in carrying out its responsibilities.

I also have experience working with private sector representatives on IRS issues while serving as a member of the National Commission on Restructuring the IRS. I believe I served a constructive role on the Commission in helping it to fashion its recommendations.

For all of these reasons, I believe I can be an effective member of the Board and contribute to the Board's success.

## **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.

I will be president of the National Treasury Employees Union until August 6, 1999.

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.

When my term of office expires on August 6, 1999, I expect to sign a consulting agreement with NTEU under which I will be paid the sum equal to a market rate of interest on the declining balance under my deferred compensation arrangement with NTEU in return for a maximum of 500 hours of time in any calendar year. That deferred compensation agreement provides for me to receive 20 annual payments of an amount totaling approximately \$550,000. Finally, I am pursuing a full-time teaching position at a local university.

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, other than the consulting agreement which I expect to sign with NTEU discussed in my response to Question B.2, above.

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.

I will remain NTEU President until August 6, 1999. The President has issued an intent to waive certain potential conflicts resulting from my continuing association with NTEU. I.R.C. §7802(b)(3)(D); 145 Cong. Rec. S6282 (daily ed. May 27, 1999). After taking this waiver into account, I know of no investments, obligations, liabilities, or other relationships that could result in a conflict of interest. I will consult promptly with ethics counsel should any such issue arise.

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.

See response to Question C.1 above.

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.

As the president of NTEU I have been actively engaged in pursuing legislation which impacts on federal employees, primarily in the pay and benefits area.

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.)

Should a conflict arise, I will consult with ethics counsel to resolve any such issue. The commitments I have made in order to avoid potential conflicts arising from relationship with NTEU are set forth in the attached letter to the Acting Treasury Designated Agency Ethics Official.

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:

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.

N/A.

#### **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.

I was arrested in October 1990 for picketing without a permit in front of the White House in conjunction with a protest over impending federal employee furloughs. I paid a \$50.00 fine and was released.

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

I was a plaintiff in a lawsuit against the general contractor who remodeled my house. I was a defendant in my uncontested divorce in 1978.

I have been named as a defendant on several occasions and in one case a plaintiff in my capacity as president of the National Treasury Employees Union:

**Anderson v. Rubln & Tobias, No. 98-839-CV-19C (M.D. Fla)**

**Issues:** Complaint by former IRS employee alleged retaliation by IRS and NTEU for filing an EEOC complaint; defamation; wrongful death; discrimination on the basis of age and national origin.

**Dates and Disposition:** Complaint filed July 20, 1998; amended complaint filed Sept. 28, 1998. On April 8, 1999, the court granted the plaintiff's motion to withdraw the wrongful death claims and the age and national origin discrimination claims against Tobias. The court dismissed the other claims against Tobias without prejudice, with leave to refile within 10 days. Because no amended pleading was filed, the claims have been dismissed with prejudice.

**Edwin Bosaw v. NTEU, Valerie Stewart, Robert Tobias, Docket No. 49-DO2-9307-CT-0721 (Superior Court Ind.)**

**Issues:** Malicious Prosecution and Defamation. Specifically, the complaint alleges that Tobias defamed the plaintiff when he made the following statements, which were published in the NTEU Bulletin: This is an intolerable situation, where an IRS manager conspired with police to have an IRS worker arrested and jailed. The employee went through a terrible experience. The manager clearly acted with malice and without cause. We want justice for Ms. Stewart and we want to put an end to this kind of harassment of our members.

**Procedural history:** Complaint filed July 6, 1993. The case was briefly removed to federal court by IRS, when the plaintiff sought third party discovery against it. The district court vacated the order to compel discovery on May 24, 1995. (Docket No. IP-94-0726-C-M/S, 887 F. Supp. 1199 (S.D. Ind.)). On Sept. 20, 1995, the superior court denied NTEU's and Tobias' motion for summary judgment. The Indiana Court of Appeals issued an order granting an

interlocutory appeal on Feb. 2, 1996. On July 6, 1996, it issued an order reversing and remanding the case to superior court for entry of summary judgment for the defendants. (No. 49-AO4-9512-CV-476 (Court of Appeals Ind.)

**Disposition:** On October 4, 1996, the superior court granted summary judgment for the defendants.

**Gelin v. Tobias, NTEU, Frank Heffler and Robert Crango, Docket No. 96-CIV-0881, reported at 1996 WL 412855 (S.D.N.Y.)**

**Issues:** Complaint alleged that Heffler violated his duty of representation by failing to bring plaintiff's case to arbitration.

**Dates and Disposition:** The court entered an order dismissing the complaint for lack of subject matter jurisdiction on July 15, 1996.

**NTEU & Tobias v. United States, 929 F. Supp. 484 (D.D.C. 1996), aff'd 101 F.3d 1423 (D.C. Cir. 1996)**

**Issues:** Constitutional challenge to the Line Item Veto Act.

**Dates and Disposition:** Complaint filed April 1, 1996; amended complaint filed April 11, 1996. On July 3, 1996, the district court dismissed the case for lack of standing. On December 13, 1996, the court of appeals issued an opinion finding that the claim was not justiciable and affirming the dismissal.

**O'Meara v. NTEU and Tobias, Docket Nos. 98-C-6161, 98-C-7326 (N.D. Ill.), reported at 1999 WL 240345 (N.D. Ill.)**

**Issues:** NTEU member O'Meara alleged that Tobias breached his fiduciary duty and violated NTEU's constitution in denying a request for realignment of a portion of his local union into a new chapter.

**Dates and Disposition:** Complaint filed October 1, 1998. In an opinion and order issued on April 21, 1999, the court dismissed the case for lack of subject matter jurisdiction.

**Pickett v. Tobias, Docket No. EV94-13 C (D. Ind.)**

**Issues:** Complaint alleged that NTEU, by and through its field office attorney, engaged in legal malpractice and/or breached its duty of fair representation when it allegedly failed to competently represent plaintiff in his grievance against the IRS.

**Dates and Disposition:** Complaint filed Jan. 14, 1994. The court entered an order dismissing the case for lack of subject matter jurisdiction on July 13, 1994.

**Sanders v. Tobias and Dingley, Docket No. 95-00733-civ-Gonzales (S.D. Fla.), aff'd No. 96-4231 (11<sup>th</sup> Cir.)**

**Issues:** Complaint alleged that Dingley breached his duty of fair representation; it contained no specific allegations against Tobias.

**Dates and Disposition:** Complaint filed May 5, 1995. The district court entered an order dismissing the complaint for lack of subject matter jurisdiction on Jan. 23, 1996. The court of appeals affirmed, dismissing the appeal for failure to state a claim against NTEU and its officials, in an unpublished decision and

order issued August 1, 1997.

**Schneider v. Bentsen and Tobias, Docket No. 937178 (N.D. Ill.)**

**Issues:** Complaint allegations against Tobias were breach of the collective bargaining agreement and breach of duty of fair representation.

**Dates and disposition:** Complaint filed Nov. 26, 1993. The court entered an order dismissing the complaint against Tobias for lack of subject matter jurisdiction on Feb. 17, 1994.

**Sheridan v. NTEU, Tobias, et al., Civil Action No. 92-Z-1309 (D. Colo.)**

**Issues:** The complaint alleged, in essence, that Tobias, by virtue of his position, knew or should have known of sexual harassment, sex discrimination, age discrimination, and wrongful termination of the plaintiff.

**Dates and disposition:** Complaint filed June 10, 1992. This matter was settled on February 12, 1993, and the parties stipulated to dismissal of the action with prejudice.

**Snead v. David M. Strauss; National Treasury Employees Union; and Robert Tobias, Case No. 1:99CV1045 (D.D.C.)**

**Issues:** Complaint alleges various forms of discrimination against plaintiff by the Pension Benefit Guaranty Corporation and further alleges that NTEU, while acting as his representative during an arbitration proceeding in 1996, colluded with the PBGC in violating his civil rights under 42 U.S.C. §1981, §1983, §1985 by allegedly suborning perjury, suppressing evidence and depriving him of a fair arbitration.

**Dates and Disposition:** Complaint filed on April 28, 1999. On June 15, 1999, defendants NTEU and Tobias filed a motion to dismiss, with supporting memorandum.

**Wilbur v. NTEU & Robert Tobias, Civil Action No. 49-D02-9309-CT-1024 (Superior Court Ind.)**

**Issues:** Complaint alleged defamation and malicious prosecution. Specifically, the complaint alleges that Tobias defamed the plaintiff when he made the following statements that were published in the NTEU Bulletin: This is an intolerable situation, where an IRS manager conspired with police to have an IRS worker arrested and jailed. The employee went through a terrible experience. The manager clearly acted with malice and without cause. We want justice for Ms. Stewart and we want to put an end to this kind of harassment of our members.

**Dates and disposition:** Complaint filed September 28, 1993. A Settlement Agreement was signed May 3, 1994, and the matter was dismissed on May 20, 1994.

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.

See answer to Question D2 above.

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.

## PREPARED STATEMENT OF KAREN HASTIE WILLIAMS

Mr. Chairman, Senator Moynihan and Members of the Committee, I am honored to appear before this Committee as you consider my nomination to be a member of the IRS Oversight Board.

Mr. Chairman, it is truly an honor to be asked to serve our country on the IRS Oversight Board. Although I am currently in private practice as an attorney here in Washington, my roots are in public service. During the early years of my career I worked in all three branches of government: as a clerk to Supreme Court Justice Thurgood Marshall, as Chief Counsel to the Senate Committee on the Budget, and as the Administrator of the Office of Federal Procurement Policy within the Office of Management and Budget. During this time, I developed an expertise in legislation, federal budget practices, and federal contracting procedures. I continue to specialize in these areas in private practice for clients that range from large multinational corporations to small disadvantaged businesses owned by minority and women entrepreneurs.

In addition, for more than a decade I have served as a member of the Board of Directors of four Fortune 500 corporations—Continental Airlines, Fannie Mae, Gannett, and SunAmerica. As a Director, I have worked closely with the respective management teams to shape the effective and efficient deployment of human talent and corporate resources. For three of those companies, I have chaired the Board's Audit Committee, which has provided me substantial exposure to the audit review process, an understanding of the need for effective internal controls to assure that the audit process is being administered in a consistent, appropriate manner, and an ability to identify potential performance problems in the management of a large organization. I look forward to bringing this expertise to the IRS Oversight Board and feel confident that I can assist the IRS not only in budgetary matters, but strategic management issues as well.

I believe that the men and women of the IRS share my commitment to public service. These dedicated civil servants have devoted their careers to assisting our government in collecting the revenues needed to provide necessary and valuable services for our citizens. In particular, I know that Commissioner Rossotti is extraordinarily dedicated to ensuring that each employee of the IRS understands the need to provide service to America's taxpayers while also ensuring that the laws of this Congress are applied fairly and consistently to all taxpayers.

Mr. Chairman, I have had the opportunity during my years in Washington to know and work with Commissioner Rossotti on behalf of several charitable organizations and count him as a friend. Our daughters attended the same school, and our spouses are both avid opera buffs! He is a man of impeccable character, a creative genius, and a person who is not daunted by any challenge—be it systems to make the Pentagon more effective or reform of the IRS.

Mr. Chairman, it is an honor to appear before this Committee and an honor to be considered for this very important position. I welcome the opportunity to return to public service and believe that the IRS Oversight Board can provide the necessary independence and oversight to assist Commissioner Rossotti and the 100,000 men and women of the IRS as they face the challenges of the new millennium. I am convinced that we have a great opportunity to work together to achieve the goals set forth in the IRS Reform and Restructuring Act of 1998, which I fully support.

Thank you, Mr. Chairman. I am pleased to answer any questions that you or the other Committee members might have.



## SENATE FINANCE COMMITTEE

## STATEMENT OF INFORMATION REQUESTED OF NOMINEE

A. Biographical Information

1. Name: Karen Hastie Williams  
Karen Roberta Hastie (maiden name)
2. Position to which nominated: Public Life Member IRS Oversight Board
3. Date of Nomination: May 27, 1999
4. Address: 2500 Virginia Avenue, NW, Apartment 1403-S  
Washington, D.C. 20037-1901  
(202) 338-1998  
  
Crowell & Moring  
1001 Pennsylvania Avenue, NW, Suite 1100  
Washington, D.C. 20004-2595  
(202) 624-2680  
(202) 628-5116
5. Date and place of birth: September 30, 1944, Washington, D.C.
6. Marital status: Married to Wesley S. Williams, Jr.
7. Names and ages of children:
 

Amanda Pedersen Williams 25—Emory Medical School (3<sup>rd</sup> Year)  
Wesley Hastie Williams 23—Harvard University, Class of 1999  
Bailey Lockhart Williams 20—Amherst College, Class of 2001
8. Education:
 

Philadelphia H. S. for Girls	1958-62	Diploma	6/62
Bates College	1962-66*	BA	5/66
* Universite de Neuchatel (junior year abroad at Swiss University)	1964-65	Certificate	6/65
Fletcher School of Law & Diplomacy	1966-1967	MA	5/67
Catholic University School of Law	1970-73	JD	5/73

## 9. Employment record:

<u>Job/Title/Desc</u>	<u>Employer</u>	<u>Location</u>	<u>Dates</u>
Summer volunteer	Center for Intl Visitors	Phila, Pa	6/66-8/66
Summer Research -Asst. Gov Comm on Women	V.I. Government	St. Thomas, VI	6/67-8/67
Staff Asst, Intl Gov Relations	Mobil Oil	New York, NY	1967-69
Staff Asst- U.S. Sen Comm on the District of Columbia	U.S. Senate	Wash, DC	5/70 -9/70
Summer Assoc	Fried, Frank	Wash, DC	5/71-8/71; 5/72-8/72
Law Clerk to SWR III	U.S. Court of Appeals for the D.C. Circuit	Wash, DC	9/73-8/74
Law Clerk to Justice Marshall	U.S. Supreme Court	Wash, DC	8/74-7/75
Associate Atty	Fried, Frank	Wash, DC	9/75-2/77
Chief Counsel	US Senate Comm on the Budget	Wash, DC	2/77-2/80
Administrator	Office of Federal Procurement Policy	Wash, DC	3/80-2/81
Of Counsel	Crowell & Moring	Wash, DC	2/81-11/82
Partner	Crowell & Moring	Wash, DC	12/82 to present

## 10. Government Experience:

Member of Comptroller General's Consultants Panel 1982-1997

(See other positions in response to Question 9.)

## 11. Business Relationships:

Corporations and Partnerships

Continental Airlines, Inc.	Board of Directors	Since 1993
Crestar Financial Services, Inc.	Board of Directors	Since 1987
Federal Home Mortgage Ass'n/Fannie Mae	Board of Directors	Since 1988
Gannett Corp.	Board of Directors	Since 1997
SunAmerica, Inc.	Board of Directors	1994-1998
BLW Associates	Limited partner in DC real estate venture	1982-1997
WK Associates	Limited partner in DC real estate venture	Since 1982
Crowell & Moring	Law firm partner	Since 1982

Non-profit organizations

Amherst College	Board of Trustees	Since 1998
Black Student Fund	Chair, Board of Trustees	Since 1994
Enterprise Foundation	Board of Trustees; Chair, Exec Comm	Since 1991 1995-97
Greater Washington Research Center	Board of Trustees Chair, Bd of Trustees	Since 1982 1992-95

NAACP Legal Defense & Education Fund	Board of Trustees	Since 1985
National Cathedral School for Girls	Board of Trustees - Chair, Bd of Trustees	1986-1993 1989-1992
Lawyers' Committee for Civil Rights Under Law	Board of Trustees	Since 1983
Wesley S. Williams, Jr. and Karen Hastie Williams Family Foundation	Trustee and Treasurer	Since 1998

## 12. Memberships

American Bar Ass'n	Chair, Standing Comm on Membership Chair, Public Contract Law Section Member	1987-91  1992-1993 Since 1974
American Law Institute	Member	Since 1992
The Chevy Chase Club	Resident Member	Since 1992
The City Tavern Club	Resident Member	Since 1978
The Links, Inc.	Founding Member Potomac Chapter	Since 1988
St. John's Church Lafayette Square	Member	Since 1971
The Waltz Group	Resident Member	Since 1976
Washington Women's Forum	Member	Since 1990
Washington Women Partners	Member	Since 1986
Watergate Cooperative Assn	Member	Since 1997

## 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.

From 1960 - 1998 I was a registered Independent.

In 1998 I became a member of the Democratic party in order to vote in the local primary mayoral election for Anthony Williams, the current Mayor of the District of Columbia (no relation).

- 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.

<u>Year</u>	<u>Annual contribution \$\$</u>
1999	
Crowell & Moring PAC	1,000
Gore 2000	1,000
Governor Bush's Exploratory Comm	1,000
1998	
Crowell & Moring PAC	1,000
Williams for Mayor (Mayor-DC)	1,000
Leon Billings (MD House of Delegates)	350
Thomas Petri (WI USHR**)	250
Ralph Neas (MD- 8 US HR)	100

Blanche Lambert Lincoln (Ak- US Senate)	250
Patty Murray (WA US Senate)	250
<u>1997</u>	
Crowell & Moring PAC	1,000
<u>1996</u>	
Crowell & Moring PAC	1,000
Nancy Kaszak (US HR IL)	100
Charlotte Pritt (Gov-LA)	250
Lynn Rivers (MI- USHR)	100
Michela Alioto (CA- US HR)	100
Thomas Petri (WI USHR)	250
<u>1995</u>	
Crowell & Moring PAC	1,000
Jane Harmon (CA-USHR)	250

\*\* /USHR stands for U.S. House of Representatives

1994

Ann Wynia (MN- US Senate)	100
Joan Wagnon (Gov -KS)	100
Jolene Unsoeld (WA USHR)	100
Sheila Jackson Lee (GA - USHR)	100
Dianne Feinstein (CA US Senate)	100
Lynn Rivers (MI-USHR)	100
Sue Kupillias (OR- USHR)	100
John Ray (Mayor DC)	100
Sharon Pratt Kelly (Mayor DC)	100

1993

Crowell & Moring PAC	1,000
Unita Blackwell (MS-USHR)	100
Barbara Shipnuck (CA-USHR)	100
Linda Griego (Mayor, Los Angeles)	100

1992

Crowell & Moring PAC	1,000
Leticia Quezada (CA US HR)	50
Carol Mosley Braun (IL US Senate)	100
Lynn Yenkel (PA US Senate)	100
Clinton Gore (US Pres/VP)	500
Thomas Petri (WI USHR)	250

1991

Crowell & Moring PAC	1,000
Barbara Boxer (CA US Senate)	100
Joan Kelly Horn (MD USHR)	50
Dianne Feinstein (CA US Senate)	100

1990

Crowell & Moring PAC	
Marion Barry (Mayor DC)	100
Thomas Petri (WI USHR)	250



1989

Crowell &amp; Moring PAC

1,000

## 14. Honors and Awards.

American Bar Association-Commission on Opportunities for Minorities in the Profession—Thurgood Marshall Award for contributions to the profession.

American Jewish Committee—Learned Hand Human Relations Award

Bates Key – honorary society for academic achievement and service to Bates College.

Catholic University Law Review- Associate Editor

Columbia Hospital- Breast Cancer Awareness Award

15. Monthly Column "Capitol Hill Highlights" in *Government Contract: Costs, Pricing and Accounting Reporter* published by Federal Publications. (1995-present)

"Thurgood Marshall and His Legacy: A Tribute", republication of eulogy delivered at Funeral Services for Justice Marshall in *Temple Political & Civil Rights Law Review*, Vol 2:No. 2, Spring, 1993

16. Speeches ...on topics relevant to position for which you have been nominated.

None.-

17. **Qualifications:**

I believe that my legal work over the past 17 years in advising small and large businesses about the Federal procurement process and legislation related to that process as well as agency management issues gives me a unique perspective to bring to the work of the IRS Oversight Board.

Moreover, as Administrator of the Office of Federal Procurement Policy in OMB, I learned first hand about the critical role of OMB in the Federal budget process and in setting priorities for Federal spending within each agency. I also had the responsibility for working with Federal agencies to assure that small and small disadvantaged businesses had the opportunity and incentives to compete for Federal contracts. In this capacity I worked closely with the Small Business Administration and created a government-wide council to implement regulations calling for increased participation of small businesses in the Federal contracting process. These are important experiences that I can bring to the Oversight Board as it reviews and approves IRS reform and restructuring plans as well as enforcement and collection activities.

In addition, my service over more than a decade as a Member of the Board of Directors of six major corporations—Continental Airlines, Crestar Financial Services, Fannie Mae, Gannett, SunAmerica, and Washington Gas—has given me the opportunity to work with several of the leading management teams in corporate America. Indeed, Fortune Magazine, Forbes and other business publications have recognized the management leadership of Continental, Fannie Mae and Gannett by selecting them as among the top 50 companies to work for in the United States.

Often cited for their management practices and policies and their leadership in diversifying their respective workforces, these companies have demonstrated that their hiring and promotion practices are good for workforce diversity and good for the company's bottom line as well. The complex corporate network of employees, customers, and shareholders whose concerns must be addressed by corporate management mirrors multidimensional challenges of management of the IRS.

As Chair of the Audit Committee for four of the companies, I have Board level responsibility for overseeing the internal and external audit functions. I

review quarterly with the Chief Financial Officer or his deputy, the internal auditor, and the external auditors, issues to be presented to the full committee and, where appropriate, to the full Board. Financial performance, technology advances and management's response to management issues identified by internal auditors are regularly addressed. My work with corporate Audit Committees will be very helpful in building on the existing modernization initiatives of Commissioner Rossotti and working with the Oversight Board to review the plans, policies and practices of the IRS, including its system controls and management protocols that impact the functioning and responsiveness of the IRS to the American taxpayer.

### **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.

No. I plan to continue the affiliations listed in response to questions A.11 and A. 12.

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.

Yes. See B.1, above, for details.

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.

None.

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.

I know of no such relationship, dealing or transaction that could result in a conflict of interest. I will consult with ethics counsel should any such issue arise.

3. Describe any activity during the past 10 years in which you have engaged for the purpose of directly 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.

For the past 10 years my law practice has focused on helping clients to identify solutions to problems that often involve action in the Federal legislative and regulatory arenas. In that capacity I have worked often with Senators, Members of Congress and their legislative staffs and from time to time requested their consideration of legislative language with respect to government contract and Federal procurement issues which would address a particular problem-- in whole or in part-- and still continue to serve the intended public purpose. During the last 10 years acquisition reform initiatives for defense and civilian agencies have been the subject of Congressional proposals almost every year.

For example, since 1988 I have worked with several associations of design professionals in developing the Small Business Competitiveness Demonstration Program to provide for the use of market forces instead of artificial set-aside programs to produce contract awards to small businesses of at least 35 % of the awards made by a contracting activity. Working with the Chairman and Ranking Member of the Senate and House Small Business Committees, we sought to demonstrate that in industries dominated by small businesses (e.g., architects, engineers, consulting engineers, surveyors, and construction) the public policy goal of providing for award of a "fair share" of government contracts to small businesses could be obtained by market forces without the need to apply the formulaic set-aside mechanism. The demonstration proved to be so successful that the Congress made the "demonstration" program permanent in 1997.

In addition work on a legislative problem often has involved communication with Executive agency representatives. Often the agencies tasked with the responsibility of implementing legislation fail to follow or only comply partially with the intent of Congress. Under those circumstances it has often been necessary to challenge the implementation strategy of an agency and convince the regulators to adhere to the guidance from the Congress. Alternatively, if an agency is following directives from Congress and some element of the business community or an advocacy group suggests an alternative process or procedure, it may be necessary to request additional Congressional guidance to avoid lengthy, unproductive litigation.

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 agreement.)

While I am not aware of any potential conflicts of interest, should one arise, I will consult with ethics counsel to resolve any such issue.

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. Not applicable/only for SUTRA and Deputy SUTRA nominees.

**D. Legal and Other Matters**

1. Have you ever been the subject of a complaint or been investigated, disciplined, or otherwise cited for 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 local law enforcement authority for a violation of a 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.

In the early nineties the Government of the Virgin Islands exercised its right of eminent domain to take control of property owned by my brother and me on Main Street in St. Thomas, US Virgin Islands. Believing that the value of the property was greater than the figure proposed by the Government, we filed civil litigation in the U.S. Territorial Court to challenge the low property valuation. After several years of litigation, the Government agreed to a higher valuation and settled the case with us.

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 other 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 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 committee?**

**Yes.**

