OPEN EXECUTIVE SESSION TO CONSIDER FAVORABLY REPORTING
 CHARLES P. RETTIG, OF CALIFORNIA, TO BE COMMISSIONER,
 INTERNAL REVENUE SERVICE, FOR THE TERM EXPIRING NOVEMBER
 12, 2022
 THURSDAY, JULY 19, 2018

6 U.S. Senate,

7 Committee on Finance,

8 Washington, DC.

9 The executive session was convened, pursuant to 10 notice, at 10:13 a.m., in room 215, Dirksen Senate Office Building, Hon. Orrin G. Hatch (chairman of the 11 12 committee) presiding. Present: Senators Roberts, Wyden, Nelson, Cardin, 13 Casey, Warner, and Whitehouse. 14 15 Also present: Republican Staff: Nicholas Wyatt, 16 Tax and Nomination Professional Staff Member.

17 Democratic Staff: Michael Evans, Chief Counsel; Ian

18 Nicholson, Investigator. Nondesignated staff: Joshua

19 LeVasseur, Chief Clerk and Historian; Athena Schritz,

20 Hearing Clerk.

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- OPENING STATEMENT OF HON. ORRIN G. HATCH, A U.S. SENATOR
 FROM UTAH, CHAIRMAN, COMMITTEE ON FINANCE
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The Chairman. The committee will come to order.
I would like to welcome everyone here to this
morning's executive session. Today the committee will
consider the nomination of Mr. Charles Rettig to serve
as IRS Commissioner.

9 As I mentioned at the hearing on Mr. Rettig's 10 nomination a few weeks ago, the IRS is at a critical 11 juncture. The economic success of tax reform is being 12 felt around the nation and Congress is relying on the 13 agency to maintain a smooth and efficient implementation 14 of the law so that the American people can continue to 15 realize the benefits of this historical reform.

The IRS will need to implement changes in order to enhance efficiency at the agency. For example, the IRS has information technology services that date back to the Kennedy administration which could hinder the agency's ability to interact with the technology saturated 21st century.

If confirmed, I anticipate Mr. Rettig working with Congress to modernize the IRS's infrastructure and technology to bring the agency into the 21st century which he pledged to do in his nomination hearing.

1 Mr. Rettig also said at his nomination hearing that 2 should he be confirmed, his main goal would be to 3 "rebuild trust between the IRS and American people and 4 their representatives in Congress." I find that goal 5 admirable.

As we all know, the challenges that face the IRS today are large, but not insurmountable. The attitude and goals of the commissioner will be of paramount importance to setting the tone of how the IRS will go about implementing our new and improved tax laws.

11 Mr. Rettig knows that the success of our tax system 12 depends on voluntary compliance and his goal of 13 rebuilding trust between the IRS and the American 14 taxpayers will go a long way towards keeping the tax 15 system fair and efficient.

So I thank Mr. Rettig for his willingness to serve and I am confident that because of his many years of experience with the tax system, if confirmed, Mr. Rettig will lead the agency with integrity. My hope is that we can report this nomination out of committee in short order.

Now before we begin, I know that some of my colleagues have expressed dissatisfaction with new IRS reporting rules released recently and want to oppose the important appointment of an IRS Commissioner because of

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1 these new rules over which he personally had no control.

2 The new IRS policy to protect privacy rights of 3 donors and reduce unnecessary information reporting is a 4 commendable policy decision for many reasons. First the 5 IRS does not need this information which had previously been used in connection to the gift tax that no longer 6 applies. Secondly, redacting this information consumed 7 8 IRS resources which are already strained and outdated as 9 I mentioned earlier. Finally, requiring the information 10 has been a risk to the American taxpayer security.

11 The IRS is aware of 14 breaches that resulted in 12 unauthorized data disclosures since 2010. This is 13 unacceptable and I welcome the IRS decision to cut back 14 on pointlessly collecting this information.

Since today is very busy and many members have other commitments, we will be holding the vote off the floor later today. Following Senator Wyden's statement, other members will be given time to make any statements they care to make. We ask that everybody please limit our comments to no more than three minutes.

With that, I will turn to our Democrat leader,Senator Wyden, for his comments.

OPENING STATEMENT OF HON. RON WYDEN, A U.S. SENATOR FROM
 OREGON

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Senator Wyden. Thank you very much, Mr. Chairman.
I look forward to working with you. Senator Cardin is
here, Senator Roberts -- I look forward to working with
all our colleagues.

8 The Trump administration has taken a qualified 9 nominee and dumped him right into the middle of a dark 10 money political firestorm of their own creation. And a 11 radical change in tax law regarding transparency and 12 disclosure has dragged the IRS and Treasury into a 13 swirling set of questions about the President's foreign 14 financial ties and his motivations.

15 As a result, this nomination is no longer an isolated debate that can begin without some context. On 16 17 Monday morning, the news broke that a Russian national 18 with alleged ties to Russian intelligence was arrested 19 for "using a gun rights organization as a conduit to 20 infiltrate and influence our economy" -- a Russian 21 national using gun rights organization to infiltrate our 22 democracy.

Just a few hours later, the Trump administration unveiled a pro corruption transformation of our tax law that would make it even easier for Russian to get away

with it the next time. It was a good day for dark
 money.

Mr. Chairman and colleagues, our laws regarding donor disclosure in campaign finance were already horribly broken before this change was announced, and by the way, I had no notice of it. There were no hearings on it. It was just sprung on us.

8 So the laws were broken before the change was 9 announced. That was true even before the Citizens 10 United ruling. Now the latest blow, dark money groups used to be required to disclosure their donors to the 11 12 IRS. No they will not be required to disclose at all. 13 Not only is the Trump administration's move 14 dangerously undemocratic, it goes straight into the hall 15 of fame of shameless partisan politics. It is a signal to the public the administration is more interested in 16 17 protecting foreign meddlers than American voters, and it 18 came just hours after the President stood at a lectern 19 next to a murderous dictator, praised him, and threw our 20 intelligence professionals under the bus.

21 So in my view what happened this week leads to a 22 few conclusions and next steps. First, this committee 23 has to hold a hearing on the Trump administration's move 24 to allow more dark money to influence and undermine our 25 elections.

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As I stated, this was a change never debated in this room or in any public venue. It was basically plucked from the dream list of deep pocketed groups on the far right who want to rewrite our laws to their benefit.

The Congress and the American people need to know 6 how the administration came to this decision, who they 7 8 discussed it with, and what the full implications will 9 be going forward. I will say as the ranking Democrat on 10 the Finance Committee, someone who worked with Chairman Hatch on these issues before, I was not informed 11 12 anything about this. It is long past time we make 13 several major changes to the laws in this area so that 14 the people can have confidence our elections are not 15 bought and sold.

Second, Mr. Chairman, I believe the committee needs 16 17 to see Donald Trump's tax returns. We ought to set up a 18 time -- as is provided in statute -- to discuss this in 19 executive session because this week proved enough is 20 enough. People across the country, across the globe, 21 are still reeling from the President's conduct in 22 Helsinki and London and meetings with NATO and our 23 partners over the last several days.

There is a serious question looming. Did the President's lavish praise on Putin and slam on our

allies take place because he prefers strong men to
 democratically elected leaders, or is it because he has
 personal and financial connections to Russia that
 Vladimir Putin is exploiting? The committee needs
 answers to that question. Those answers eventually need
 to become public.

Reviewing the President's tax returns would be a 7 8 start. It might not uncover the full picture because 9 the ties between Russia, the President, the expansive business organizations he and his family continue to run 10 are certainly complicated and very well concealed. But 11 12 the President's refusal to adhere to a 40 year plus 13 bipartisan pro transparency tradition of releasing tax 14 returns after what happened this Monday can go on no 15 longer.

Finally, there are more questions in my view that ought to be investigated with the usual bipartisan approach we bring. Mr. Chairman, that includes further inquiries into the NRA's role in the 2016 election, Michael Cohen's influence peddling, and the conduct of the Trump Foundation.

As of right now, we on this side of the dais have no dance partners to proceed as is the best tradition of the Finance Committee in a bipartisan way. I hope that changes because one thing has become clear with the

string of explosive revelations in the last few weeks,
 what the President calls a witch hunt is turning up a
 lot of witches.

As for the nomination the committee is scheduled to
vote on today, I want to close with this. For now,
despite his qualifications, I am unable to support Mr.
Rettig. I have appreciated the productive conversations
I have had with him since he was nominated.

9 As soon as this hearing ends, I intend to ask Mr. 10 Rettig to meet with me to discuss what he will do if 11 confirmed to protect our country from a new flood of 12 dark money, potentially foreign, to further infect our 13 politics.

Colleagues, this week has been about as far from business as usual as I can remember. What the Trump administration announced late on Monday after a Russian national is indicted for trying to infiltrate our politics, just yanks control of our democracy even further from the hands of the American people. So today I will be a no.

21 Thank you, Mr. Chairman.

The Chairman. Thank you. We will try to hold the markup of Mr. Rettig off the floor before the end of the day if it is alright with everybody. I think that's the -- you what?

1	Senator Wyden. I think that Senator Cardin
2	Senator Warner, I know, is under the gun, and I am sure
3	Senator Roberts would like to talk.
4	The Chairman. Senator Cardin?

OPENING STATEMENT OF HON. BENJAMIN L. CARDIN, A U.S.
 SENATOR FROM MARYLAND

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Senator Cardin. Thank you, Mr. Chairman.

5 First, I want to just underscore what Senator Wyden 6 said. Mr. Rettig is a good person. He has a background 7 that is very impressive. I have enjoyed my one-on-one 8 meeting with him where we talked about a lot of the IRS 9 issues, and I thought that his response to my questions 10 during the nomination hearing was what I had hoped to 11 receive.

12 But two things have happened in the last week that 13 I think causes this committee to have to take priority 14 action. The fist, as Senator Wyden pointed out, the 15 Treasury Department's change of position on disclosure 16 was a very partisan action by the Treasury Department. 17 But more because I think Secretary Mnuchin thought that 18 this was be some advantage, quite frankly on a partisan 19 basis, it jeopardizes our national security. It allows 20 for us not to have transparency in our political system. 21 The second event that happened this week, the 22 Summit between President Putin and President Trump 23 underscores even more the security risks to our country 24 and the indictment that came out on the Russian 25 national.

I think what we are asking is this committee -- we have to speak out. I was on the floor yesterday and said that Congress, an independent branch of government, we need to speak out and act to protect the national security of our country.

6 The Senate Finance Committee, I believe, plays a 7 very important role here. I hope that we can rise to 8 the occasion and use this committee to understand 9 exactly what is happening with Russia's incursions here 10 into America.

At a very minimum, we have to understand the disclosure rules and what that could do in impacting our national security. That is a responsibility of this committee because of the action of Treasury.

15 Secondly, Americans are wondering what is going on 16 here. Does Mr. Putin have something on Mr. Trump? I do 17 not know, but the Mueller investigation will determine 18 whether there was collusion, but we saw open collusion 19 in Helsinki with President Trump giving Mr. Putin 20 exactly what he wants.

21 They were smiling in Moscow. They are scrambling 22 at the White House.

I would just urge us to use this committee in the appropriate way, a bipartisan way so that we can respond to the legitimate concerns of the American people. And

1 I would just urge the chairman and ranking member to use 2 a process within this committee. The tax returns are 3 certainly reasonable in an Executive Session. Let us 4 take a look at that and let us understand what Treasury 5 did and the impact it could have on our national 6 security. 7 The Chairman. I understand our side has no more 8 comment. We will go to Senator Warner.

9 Senator Warner. Senator Whitehouse got here

before me, but I am on -- I will let Senator Whitehouse go, and then I will be brief.

OPENING STATEMENT OF HON. SHELDON WHITEHOUSE, A U.S.
 SENATOR FROM RHODE ISLAND

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Senator Whitehouse. Thank you. I have several
hearings that are ongoing right now that I need to get
back to. So I will claim my time. I am sorry.

7 The practice of politics has been viewed for 8 virtually as long as it has existed as separating those 9 who seek influence in government and wish to use their 10 influence seeking in government to advance their 11 personal interests from those who simply more or less 12 want government to leave them along and not be the 13 captive of big special interests.

A lot of people have written about this. President Jackson's veto message was one of the clearest expressions of this. It is in this context that I join Ranking Member Wyden in opposing the nomination of Mr. Rettig, not because I have anything against him, but in objection to the recent step taken to advance the encroachment of dark money into our politics.

Dark money in our politics is the tool of big influencers, period, end of story. It is a plague on our democracy, and it continually encroaches. We have to come around to stopping it.

25 I do not care if you are a Tea Partier or a Bernie-

1 ite, you can go out and look at the American public and 2 they do not like dark money. They do not like hidden 3 hands pulling strings in government.

We had the Citizens United decision that unleashed
unlimited money. That has been completely unpoliced.
Therefore, that unlimited money is now unlimited dark
money.

8 Around that ability to spend unlimited dark money 9 exists a zone of threats and promises about the use of 10 unlimited and dark money that is inherently corrupting. 11 It is inherently corrupting, and we are doing nothing 12 about it.

American democracy, I believe, is now at its lowest ebb since Teddy Roosevelt cleaned house and broke the big trusts and cartels that corrupted his era of politics. We cannot take the further encroachment of dark money lightly.

18 It becomes even more important when you look at our 19 international situation right now, because if dark money 20 can hide the identity of a big special interest behind 21 it, its ability to hide the identity that is behind it 22 applies to anyone. It applies to oligarchs, it applies 23 to Putin himself, it applies to any foreign source that 24 seeks influence.

25 When you have dark money, you have an avenue for

foreign influence that by definition you cannot police.
And why in this world in which we are -- every red light
is blinking according to our own DNI about Russian
interference. Why we would want to expand this avenue not narrow it, expand this avenue -- I think runs
directly counter to true national security imperatives.

7 At some point, we are going to have to make this 8 choice where our loyalties are. Are our loyalties to 9 the big forces behind the dark money? Are our loyalties 10 to the wellbeing of the ordinary people of this country 11 who are being rolled by those big special interests, and 12 to the foreign influences that seek to encroach and 13 interfere with our democracy and have this as an avenue 14 and an invitation?

I would close by echoing the ranking member's request that we get access in some bipartisan fashion to the Trump tax returns. It was anomalous and bizarre that this President would refuse to do what all modern presidents have done and disclose their tax returns. It is unjustifiable. It is inexcusable.

21 Now that we have seen him cavorting with Vladimir 22 Putin -- if he had been dragged out on a leash and done 23 pet tricks, it could not have been more humiliating. 24 The spectacle that was presented to the world of an 25 American President next to Vladimir Putin behaving that

1 way -- that conduct demands and explanation.

2	The easiest avenue to an explanation that we have
3	is financial connections between him and Russian
4	interests. And we, I think, are duty bound at this
5	point having seen that spectacle to examine the
6	question why and to look at an obvious and heretofore
7	always available clue which is the tax returns.
8	Thank you, Mr. Chairman. I thank the ranking
9	member.
10	The Chairman. Senator Warner?

OPENING STATEMENT OF HON. MARK R. WARNER, A U.S. SENATOR
 FROM VIRGINIA

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Senator Warner. Thank you, Mr. Chairman. I
appreciate the time. Mr. Chairman, I do not normally
come and give opening statements.

Mr. Chairman, I probably on this side of the aisle have voted for more of Mr. Trump's appointees than virtually anybody on the minority. And until a few days ago, I was prepared to vote for Mr. Rettig. I do not question his qualifications at all.

12 The actions of this week, I implore you to urge us 13 to take a time out. I can assure you, not just me, take 14 anyone on the Senate Intelligence Committee, Russia 15 massively intervened in our elections in 2016. They did 16 it to help Mr. Trump and to hurt Clinton. They did it 17 in ways that did not stop at the end of the election. 18 They continue to this day, echoes by intelligence 19 reports, echoed by the Director of National Intelligence 20 who gave as start a warning as I have heard just last 21 Friday.

I also was taken aback by the President's actions on Monday. I happened to be meeting -- Senator Rubio and I were meeting with representatives that Russian had also intervened in, Latvia, Estonia, Ukraine, Poland,

1 the Brits, the Canadians. They were astounded that 2 morning.

3 So with this most recent move by the Treasury 4 Department to actually allow more dark money in, I 5 cannot support Mr. Rettig at this point. My hope would 6 be just like anyone who serves this President, they are 7 going to have to stand up and decide which side of 8 history they will come down on.

9 Will they come down on the side of normal, 10 traditional openness in American activities, or will 11 they side with this President's bizarre approach? I 12 know many of the leaders of the intelligence community 13 who are Trump appointees are wrestling with that fact 14 right now.

So I joint the ranking member in opposing Mr. Rettig at this point. I would also urge -- because there are real questions that need to be answered -- in appropriate -- even if it was just you and the ranking member. Someone needs to take a look at those tax returns and make the determination then of what goes from there.

I think it is time. I think we have a cloud that hangs over this whole administration at this moment in time. And Mr. Chairman, you have served this body with enormous, enormous distinction. You have served this

1 committee with enormous distinction. You were kind 2 enough when you could have maybe bumped me off this committee at one point to keep me on. So I implore you 3 4 to think about this, think about Mr. Rettig, think about 5 what is happening right now because history will not only judge the Trump presidency on the actions of this 6 week, but ultimately, history is going to judge all of 7 8 us in terms of how we react.

9 Thank you for the courtesy of giving me this kind. 10 The Chairman. Thank you, Senator. I am concerned 11 about these matters also. I would sure like to get Mr. 12 Rettig approved because he is -- I do not think there is 13 any objection to him by anybody on this committee. And 14 you are not hurting anybody except the American public 15 by not voting for him.

16 So we --

Senator Wyden. Mr. Chairman, could I just make
one --

19 The Chairman. If I could just finish this.

20 Senator Wyden. Yes, please.

The Chairman. We will hold that vote of the floor. I hope that my Democratic colleagues will consider Mr. Rettig and I can understand, perhaps because of comments made here today, that they have very distinct irritations with the President. But that

should not stop us from getting a good IRS Commissioner.
 So I hope that you will reconsider. I do not think
 it hurts President Trump for us to hold up Rettig, but
 it hurst the country. So I am very concerned about it.
 Senator Wyden?

6 Senator Wyden. I will be very brief, Mr.7 Chairman.

8 Senator Roberts remembers that we always worked in 9 the Intelligence Committee in a bipartisan way. That is 10 what Senator Warner has stood for throughout our 11 service. I think he would be the first to tell you we 12 have disagreed on stuff, but we have always said we are 13 going to try to work in a bipartisan way.

14 Senator Cardin has done exactly the same thing on 15 the Senate Foreign Relations Committee. I think what 16 has troubled us so, and I think I told you about this 17 earlier, Mr. Chairman. I said the first words out of my 18 mouth are going to be Mr. Rettig is a qualified nominee. 19 Those were the first words out of my mouth.

But what happened last Monday, when you have an indictment of a Russian national and the indictment -this is not somebody in politics -- basically saying that they were trying to use a special interest group, the NRA, to infiltrate our politics. And then a few hours later in what to me was just a jaw-dropping sense

of timing, the Trump administration said, well, we are going to try to make it easier for foreign dark money to make its way into the nooks and crannies of American politics.

5 I think that is what has troubled us so. I want you to know as Senator Warner just mentioned, I think 6 all of our colleagues have mentioned, I think this is 7 8 something you and I should talk about and explore. 9 There is a statute for our looking at this issues in a 10 responsible way, and I just want to reiterate that I 11 have always appreciated your willingness to step up on 12 big issues. I think we have got to do it again.

I see one of my colleagues, Senator Nelson. He may want to talk. By the way, Senator Roberts has been exceptionally patient, so basically anytime he wants the floor it ought to be his.

The Chairman. All right. Senator Nelson, shouldwe call on you?

OPENING STATEMENT OF HON. BILL NELSON, A U.S. SENATOR
 FROM FLORIDA

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Senator Nelson. Well, I want to add to the
comments of Senator Warner and Senator Wyden, two
members of the Intelligence Committee.

7 From my perspective as the ranking member of the 8 Cyber Subcommittee of the Armed Services Committee, we 9 all know -- and it is not disputed -- the Russians are 10 in our election systems. As a matter of fact, page 25 and 26 of the indictment last Friday indicates that the 11 Russians were, in 2016, in the election systems of 12 13 Florida. That is stated in two pages of the 30-some 14 page indictment. The Russians were there in my state. 15 So then when you fast forward and we see that we 16 are not giving greater sunshine into the disclosure of 17 money going into these 501(c)(4), it seems to me that 18 this -- as has been pointed out by Senator Wyden and Senator Warner -- this is a confluence of events that 19 20 ought to have us in the words of Dan Coats, the Director 21 of DNI, that the light is blinking red. This is danger 22 and we ought to have the IRS require the disclosure of 23 these contributions to 501(c)(4) that are not being used 24 just for a social purpose, which is what the law is 25 supposed to be.

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1 Thank you, Mr. Chairman. 2 The Chairman. Thank you. 3 If there are no more statements, we will meet off 4 the floor, hopefully get Mr. Rettig through. 5 With that we will recess until that time. [Whereupon, at 10:41 a.m., the executive session 6 was recessed to reconvene off the floor.] 7 8 9 The hearing was reconvened, pursuant to notice, at 10 1:45 p.m. in room S-216, The President's Room, United 11 States Capitol. 12 The Chairman. The Committee will come to order. It 13 appears we now have a quorum and I would entertain a 14 motion to favorably report the nomination of Mr. Rettig. 15 Senator Grassley. So moved. The Chairman. The clerk will call the roll. 16 17 The Clerk. Mr. Grassley? 18 Senator Grassley. Aye. 19 The Clerk. Mr. Crapo? 20 Senator Crapo. Aye. The Clerk. Mr. Roberts? 21 22 Senator Roberts. Aye. 23 The Clerk. Mr. Enzi? 24 Senator Enzi. Aye. 25 The Clerk. Mr. Cornyn?

1	Senator	Cornyn.	Aye.
2	The Cler	ck. Mr.	Thune?
3	Senator	Thune.	Aye.
4	The Cler	rk. Mr.	Burr?
5	Senator	Burr.	Aye.
6	The Cler	ck. Mr.	Isakson?
7	Senator	Isakson.	Aye.
8	The Cler	ck. Mr.	Portman?
9	Senator	Portman.	Aye.
10	The Cler	ck. Mr.	Toomey?
11	Senator	Toomey.	Aye.
12	The Cler	rk. Mr.	Heller?
13	Senator	Heller.	Aye.
14	The Cler	rk. Mr.	Scott?
15	Senator	Scott.	Aye.
16	The Cler	ck. Mr.	Cassidy?
17	Senator	Cassidy.	Aye.
18	The Cler	ck. Mr.	Wyden?
19	Senator	Wyden.	No.
20	The Cler	ck. Ms.	Stabenow?
21	Senator	Stabenow	. No.
22	The Cler	ck. Ms.	Cantwell?
23	Senator	Cantwell	. No
24	The Cler	ck. Mr.	Nelson?
25	Senator	Nelson.	No.

1	The Clerk. Mr. Menendez?
2	Senator Menendez. No.
3	The Clerk. Mr. Carper?
4	Senator Carper. No.
5	The Clerk. Mr. Cardin?
6	Senator Cardin. No.
7	The Clerk. Mr. Brown?
8	Senator Brown. No.
9	The Clerk. Mr. Bennet?
10	Senator Wyden. No by proxy.
11	The Clerk. Mr. Casey?
12	Senator Casey. No.
13	The Clerk. Mr. Warner?
14	Senator Warner. No.
15	The Clerk. Mrs. McCaskill?
16	Senator McCaskill. No.
17	The Clerk. Senator Whitehouse?
18	Senator Whitehouse. No.
19	The Clerk. Mr. Chairman?
20	The Chairman. Aye.
21	The clerk will announce the vote.
22	The Clerk. Mr. Chairman, the final tally,
23	including proxies, is 14 ayes and 13 nays.
24	The Chairman. The "ayes" have it. The
25	nomination is ordered favorably reported. I thank my

- colleagues for their time and the markup is concluded.
 [Whereupon, at 2:15 p.m., the meeting was
- 3 adjourned.]

I N D E X

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