

**NOMINATIONS OF REAR ADMIRAL DAVID STONE
TO BE ASSISTANT SECRETARY OF HOMELAND
SECURITY (TRANSPORTATION SECURITY
ADMINISTRATION) AND ALBERT FRINK
TO BE ASSISTANT SECRETARY OF
MANUFACTURING AND SERVICES FOR
THE DEPARTMENT OF COMMERCE**

HEARING

BEFORE THE

**COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE
ONE HUNDRED EIGHTH CONGRESS**

SECOND SESSION

JULY 13, 2004

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SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED EIGHTH CONGRESS

SECOND SESSION

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SECURITY ADMINISTRATION) AND ALBERT
FRINK TO BE ASSISTANT SECRETARY OF
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DEPARTMENT OF COMMERCE**

TUESDAY, JULY 13, 2004

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Committee met, pursuant to notice, at 3:05 p.m. in room SR-253, Russell Senate Office Building, Hon. John McCain, Chairman of the Committee, presiding.

**OPENING STATEMENT OF HON. JOHN MCCAIN,
U.S. SENATOR FROM ARIZONA**

The CHAIRMAN. Good afternoon. Today, we'll consider the nominations of Rear Admiral David Stone to be an Assistant Secretary for Homeland Security, Transportation Security Administration, with the Department of Homeland Security; and Mr. Albert Frink to be Assistant Secretary of Manufacturing and Services for the Department of Commerce.

Both nominees have responded in detail to the Committee's requests for biographical and financial data. I will note that Admiral Stone was jointly referred to the Commerce and Governmental Affairs Committee. He appeared before the Governmental Affairs Committee on June 23, and was reported out of that Committee on July 6.

If confirmed, Admiral Stone will face some major challenges at the Transportation Security Administration. Although it's very clear that the level of aviation security has improved since before September 11, 2001, there is significant room for improvement. In my view, the TSA needs to be more aggressive in the deployment and use of technology for screening of passengers and cargo, it needs to better anticipate new security threats, and, finally, the TSA needs to pay closer attention to non-aviation modes of transportation.

Mr. Frink has been nominated to a new position in the Department of Commerce. President Bush announced the position of Assistant Secretary for Manufacturing and Services in September

2003. The position was created to help address the business challenges and job losses faced by many American manufacturers.

We appreciate you both appearing before the Commerce Committee today. I know your nominations are a great honor and that your families are very proud.

I'll ask Senator Wyden and then Senator Lautenberg if they have any opening statements.

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

Senator WYDEN. Mr. Chairman, I do, and I'll be brief. And I very much share your view, this is a hugely important assignment. And I have questions in a number of areas.

I do want to take note of the fact that I have just gotten the agency's response to a number of pointed questions that I've asked over the last year about the CAPPS-2 program, Computer Assisted Passenger Pre-screening System. And it looks to me, from the response that I've gotten to these questions, that, for all practical purposes, the agency is going back to the drawing board with respect to putting this proposal together. And I'm going to ask Mr. Frink a number of questions with respect to this.

And I think you know there are some other areas I'm concerned about. Senator Dorgan and I are concerned about TSA's policies with respect to allowing butane lighters to be permitted onboard the aircraft. This is not a hypothetical issue, because the shoe-bomber, Richard Reid, was trying to detonate an explosive device onboard, and had—we have the prospect of this policy, with the butane lighters being onboard—certainly, there could have been yet another tragedy.

So I'll be asking a number of questions, but expect that I'll be very pointed with respect to the CAPPS-2 program, because it does look to me like the agency is really starting over, and that may be very welcome, but the country deserves some sense of direction with respect to how you're proceeding.

Thank you, Mr. Chairman.

The CHAIRMAN. Senator Lautenberg?

**STATEMENT OF HON. FRANK R. LAUTENBERG,
U.S. SENATOR FROM NEW JERSEY**

Senator LAUTENBERG. Thanks, Mr. Chairman.

This is the second chance that I've had to consider Admiral Stone's nomination since the Government Affairs Committee, of which I am also a Member previously considered it. And Admiral Stone has lots of good qualifications, attributes that'll serve him well and the country, if he's confirmed as Assistant Secretary of Homeland Security and Administrator of the Transportation Security Administration. And I assume that we're going to move quickly on that confirmation.

But I have a bit of a quarrel, not with Admiral Stone, as much as with TSA and DHS, and I thought maybe, as I listened to Senator Wyden, that we were going to be echoing the same concerns, and that is, the agencies are not responding to post-hearing questions that I've posed to various nominees and officials, and they're not complying with the terms of an amendment that I successfully

offered to the Fiscal Year 2004 DHS appropriations bill. I'm still waiting for answers to questions I raised at Commerce Committee hearings last September and November, and this past March.

At the March hearing on maritime security, Admiral Stone promised that he would track down the answers to my questions, but—we did get something this morning, and I appreciate that. It's taken awhile, and I hope that that process will be sped up.

Last year, the Senate passed my amendment requiring DHS to report to Congress on how effective the color-coded threat alarm alert system is, and suggest possible modifications. The report was due 7 months ago. And I know that DHS faces lots of challenges, but it should pay attention to the requirement of a public law before it's dragged kicking and screaming, and patience gets lost. Especially in light of last week's particular warning of the imminence of an al Qaeda attack, and an FBI announcement that the two-mile strip of land between Port Newark, our seaport, and Newark Liberty International Airport is the number one terrorist target in the Nation.

And I'm pleased also to meet Mr. Frink and to hear what he's going to say. I'm glad that we finally have a nominee for the post of Assistant Secretary for Manufacturing. When we looked back at the number of jobs that we have lost in manufacturing, regardless of cause, the fact is that these jobs are essential, for the kind of a society that we are, to be able to have the capability of producing product when we need it, and not be out on a limb, as I understand we are in several industries where we've given up the processing and given it to places—that aren't necessarily friendly to us either. Commerce Secretary Don Evans announced the creation of this position, and then it sat vacant for some months while we continued to lose manufacturing jobs.

Mr. Frink has a big task ahead of him, which is to stem the loss of these jobs that were lost in the last few years. Manufacturing jobs are critical. Manufacturing employees receive higher wages, more generous benefits than many other workers. And I look forward to the nominee's ideas on how we can revitalize this crucially important sector of our economy.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Lautenberg.

Before we begin, I would like to ask if the witnesses would like to introduce members of their family who may be the audience. We'll begin with you, Admiral Stone.

Admiral STONE. Thank you, Mr. Chairman.

It's my pleasure to introduce my wife, Faith. Faith has been my guiding light, and we just celebrated our 27th wedding anniversary.

The CHAIRMAN. Would you identify yourself for that singular service to our nation?

[Laughter.]

Admiral STONE. Thank you, sir.

The CHAIRMAN. Thank you very much.

Anyone else, Admiral? Anyone else, Admiral? Is that it?

Admiral STONE. No, that's it, sir.

The CHAIRMAN. Mr. Frink?

Mr. FRINK. Yes, Mr. Chairman.

I would like to have the pleasure of introducing my wife, Denise. And we just celebrated, 2 days ago, our 12th anniversary, so we're in the same—not quite the same amount of years, but anniversary-wise, we're sharing the same celebration; my brother, John, who is here to support this whole effort, and his wife, Cheryl; and my contingent of friends—I call them the A-Team—who are here to also lend their support, came 3,000 miles, which I'm very—

The CHAIRMAN. Great.

Mr. FRINK.—thankful for.

The CHAIRMAN. Well, then the A-Team is deserving of recognition. Would you please stand, A-Team?

[Laughter.]

The CHAIRMAN. Thank you. And thank you for coming here in support of this fine man who has agreed to serve his country. Thank you for being here.

Mr. FRINK. Thank you.

The CHAIRMAN. I'd just like to make a couple of comments—one to you, Admiral Stone, and then to Mr. Frink—and then I'll turn to Senator Wyden.

Again, I'm very concerned about the lack of our improvements in technology at airports. We are going to have the busiest summer, airwise—commercial airwise—since before 2001, and we know what's going to happen at certain airports, because it's already happening. I don't see any other resolution to this if we want our airline industry to remain healthy and robust, which is something we want, but—security is first, but we also want a healthy airline industry in America, and we've got to put more emphasis on technology.

As far as I can see—now, I know you're opening—and I'll be glad to hear your comments—some experimental programs—one at Minneapolis, I believe, and—but, overall, the procedures are just about exactly the same as those we instituted following September 11, and we need to have some kind of improvement, and I don't see how that happens without technology.

I'm beginning to sound like a very, very repetitious and unpleasant Senator, but I really believe that, for people to continue to go through the ordeal that they do at certain times—McCarran, on Sunday; Atlanta, on certain days of the week. We all know where these places are where they're just waiting one, two, 3 hours, and it's just not an experience that's conducive, in my view, to security, as well as being convenient, because once they start getting jammed up, then the natural pressure is on the TSA employees to move the process forward, and that's when we find out, from the GAO and others, that certain items have gotten through security, et cetera.

So, Admiral, if I had priorities for you, it, is, one technology, and, two, look at the balance now between aviation security and port and rail security. Now, the last time I checked, we—for fiscal 2005, we only had 146 million for the transportation security enterprise, which includes maritime and land security, intelligence analysis functions, transportation security coordination, et cetera. So we may need more help both in port and rail security.

I'll be glad to hear your response to that diatribe.

Admiral STONE. Yes, sir.

The CHAIRMAN. Go ahead.

Admiral STONE. The emphasis on new technology is, indeed, I think, critical to our future, as you state. Our covert testing program, our own assessment from security, looks from our FSDs, Federal security directors, locally, as well as outside teams, GAO audits, all point to that, from the security point of view, as well as customer service, but we need to go down that road.

The effort that you're reading about at Minneapolis/St. Paul, the Registered Traveler Program, I think, is key to our success on both the security end, customer service fronts. Number one, it's the use of a biometric iris-scan/fingerprint in order to give us a higher level of security. But, at the same time, when we marry that up with an airport where we can have a lane and a reduced level of screening, what that translates to is improved customer service and throughput. So I think that's a very powerful program for us. We intend to expand it to Los Angeles International Airport next week, then Houston, Boston, and then Ronald Reagan.

When we marry that up with the other effort that we have ongoing with explosive trace portals going out to airports—we've already sent them to Rochester, T.F. Green and Providence. They're slated also go down to Tampa, San Diego, Gulfport. This is the same machine that we recently demonstrated out in New Carrollton in the rail environment. Our ability to detect, at the checkpoint, explosive residues is, I think, critical, and also will further enhance, in partnership with Registered Traveler, that effort.

For baggage screening, we're now, at San Francisco Airport, multiplexing, the idea that—where you can have one person review the screens of baggage, and then reduce all of that extra manpower and invest in technology—is where we're headed on the baggage issue.

So whether it's throughput at the checkpoint, enhanced security, or in baggage with multiplexing and networking, those are the investments, I think, that will shape our future, and we're keen to move down that road.

The CHAIRMAN. Thank you, Admiral. And it's my intention, with the agreement of my colleagues on both sides, to move your nomination as quickly as possible. Your job is vital.

Mr. Frink, in many ways, I think you are what America is all about. I think you came here at the age of three, is that correct, to the United States? And you have a remarkable success story, both from your own entrepreneur standpoint, but also in the creation of jobs in this country. And we're very pleased that you are going to serve. I'm sure you had a much more comfortable life style than the one you're going to experience in the coming weeks and months.

[Laughter.]

The CHAIRMAN. But let me point out to you, your job is very important, because if you looked at the top five concerns of Americans, as far as issues are concerned, one of them is jobs. Yours is going to be to see how we can not only create jobs in America, but keep jobs in America. Your background and experience, as being out there in the real world, I think qualifies you a great deal. I don't have any questions for you, but I think we're placing a lot of hope and optimism in your ability to make sure that we achieve

our goal, and that is the provision of jobs to every American that needs one.

Senator Wyden?

Senator WYDEN. Thank you, Mr. Chairman.

Admiral Stone, as you could tell from my comments—

The CHAIRMAN. I apologize. In my declining years, I forgot that we need opening statements from both Admiral Stone and Mr. Frink, and I apologize, Senator Wyden. I was reminded by my astute staff.

[Laughter.]

The CHAIRMAN. I'm on a work-release program. Please proceed.

[Laughter.]

**STATEMENT OF RADM DAVID M. STONE,
ACTING ADMINISTRATOR, TRANSPORTATION SECURITY
ADMINISTRATION; NOMINATED TO BE
ASSISTANT SECRETARY OF HOMELAND SECURITY,
TRANSPORTATION SECURITY ADMINISTRATION**

Admiral STONE. Thank you, Mr. Chairman.

Mr. Chairman, Senator Hollings, distinguished Members of the Committee, I'm grateful to you for scheduling this hearing on my nomination by the President to the position of Assistant Secretary of Homeland Security, Transportation Security Administration.

I appreciate very much the opportunity to have recently met with several Members of this Committee, and also meet with and answer questions from staff members. I've also testified before this Committee, and I am grateful for your continued dedication to giving the Department of Homeland Security and TSA the tools to provide for the transportation security our country needs.

I am honored that President Bush has nominated me for this important position in the Department of Homeland Security. If confirmed, I will do everything in my power to serve the President, the Secretary, the Congress, and the American people faithfully.

I've spent my entire adult life in service to our great nation. After attending the Naval Academy, I proudly served for almost 28 years, retiring at the rank of rear admiral. During my Navy career, I had many challenging assignments, including four operational commands at sea.

After my retirement from active duty, I was honored that Secretary Mineta selected me as one of the first Federal security directors in the newly formed Transportation Security Administration. I was pleased to serve as the first FSD for Los Angeles International Airport.

When I arrived in Los Angeles in July 2002, our focus was on meeting the two congressional deadlines found in the Aviation and Transportation Security Act, to screen the passengers with Federal screeners by November 19, 2002, and screening all checked baggage for explosives with electronic screening equipment by December 31 of that year. Meeting those mandates was an exceptional challenge. With the help of the many dedicated people and a true spirit of partnership, Los Angeles International Airport was able to meet both deadlines. The support by all the local entities was indicative of the amazing level of cooperation that all of us have seen time and again throughout our great country following the attacks

of September 11. Themes such as leadership, caring about people, partnership, working as a teammate, and friendship, establishing trust and confidence, were the keys to success at LAX. They are the same themes I have continued to abide by.

In August 2003, Admiral Loy, then the Administrator of TSA, asked me to join TSA as his Deputy Chief of Staff, with a particular focus on assuring that TSA was responsive to important concerns in the direction of Congress. In December 2003, I was named Acting Administrator of TSA when Admiral Loy assumed the duties as the Deputy Secretary at the Department of Homeland Security.

I am extremely grateful for the confidence that Secretary Ridge, Deputy Secretary Loy, and Under Secretary Hutchinson have shown in me in asking me to serve in this critical position. The continued support and mentoring that I have received from each of them has been outstanding.

As you well know, recent events have reinforced the fact that we live in dangerous times. Last December, the national threat level was raised to orange due to concern over a number of potential threats to homeland security, particularly in the aviation sector. In February and March, terrorists attacked subway and rail stations in Moscow and Madrid, resulting in many lives lost.

Clearly the transportation sector remains an inviting target for terrorist attack. We remain very concerned about potential terrorist threats leading up to our national election. With these threats in mind, as Acting Administration I have worked to bring an intense operational focus to TSA. I'm in the midst of giving our Federal security directors more authority in the hiring, training, testing, and managing of their screener work force. If confirmed, I will continue down this road.

Intelligence is also at center stage at TSA. I chair a daily comprehensive review of the intelligence assembled on all sectors of transportation, and the threats that are signaled by this intelligence. Together with all of my senior staff, we review, in detail, daily reports from Federal security directors on incidents concerning aviation security, as well as the daily reports of incidents affecting non-aviation modes of transportation. I take this daily briefing very seriously, and make it the center of gravity of our workday. I use it to shape the course that I would like TSA to take for developing both short- and long-term risk-mitigation planning.

If confirmed, I plan to continue this practice so that every day TSA is focused on the threats to transportation security and is prepared to rapidly bring our resources to bear on mitigating risk with a true sense of urgency.

In my written statement, I have detailed some of the important progress TSA has made in our Aviation Partnership Support Plan, our Registered Traveler Pilot Program, and our Pilot Program for Explosive Trace Detection Portals. I will be pleased to answer questions about these programs and other important ongoing aviation security initiatives.

I would like now to briefly address TSA's advancement in security in the non-aviation modes of transportation. TSA has made steady progress in this area, and we fully realize there's much work left to do. TSA is staying attuned to the security needs across

the entire transportation sector, and we are engaged in risk-mitigation efforts daily.

The Secretary designated TSA with the responsibility to prepare an overarching sector-specific plan for the transportation sector. As required under the National Infrastructure Protection Plan outlined in Homeland Security Presidential Directive 7, a significant portion of TSA staff is involved in this major undertaking. We are working in close coordination with DHS components, with the Department of Transportation, and its modal administrations, and with other key Federal agencies, as well as appropriate stakeholders, in developing this plan.

Of note, TSA recently issued the first security directive to rail and mass-transit operators. We also completed Phase 2 of our Transit and Rail Inspection Pilot, called TRIP, to evaluate the use of emerging technologies in the rail environment. And we will begin Phase 3, in Connecticut, in the coming days.

Mr. Chairman, I fully recognize the critical role of Congress, and, if confirmed, will work to ensure our organization is responsive and respectful of that important relationship.

In closing, on behalf of our entire organization, I would like to thank you for your support of TSA.

Mr. Chairman, Members of the Committee, this concludes my prepared statement. I look forward to answering your questions.

[The prepared statement and biographical information of Admiral Stone follow:]

STATEMENT OF RADM DAVID M. STONE, ACTING ADMINISTRATOR, U.S. DEPARTMENT OF HOMELAND SECURITY, TRANSPORTATION SECURITY ADMINISTRATION

Good afternoon Mr. Chairman, Senator Hollings, and distinguished Members of the Committee. I am grateful to you for scheduling this hearing on my nomination by the President for the position of Assistant Secretary of Homeland Security (Transportation Security Administration).

It is a particular honor to appear before this Committee because you have long played a pivotal role in confronting the transportation security challenges facing our nation. I have testified before this Committee twice here in Washington and at a field hearing in Los Angeles in August 2002, on a wide range of aviation and intermodal security matters, and I have gained great respect for the Committee's insight and commitment to transportation security.

I am honored that President Bush has nominated me for this important position in the Department of Homeland Security. If confirmed, I will do everything in my power to serve the President and the Secretary faithfully. I have an outstanding team at the Transportation Security Administration (TSA), and I know that they will perform at even higher levels in the future.

Before I discuss my background with you, and the position for which the President has nominated me, I want to recognize my wife Faith, who has been my shining light during our 27 years of marriage. This period of time was spent in service to our country with many deployments and many days and nights at sea. I could not possibly thank her enough.

I have spent my entire adult life in service to our great Nation. At age 18, I was privileged to receive an appointment to the United States Naval Academy in Annapolis, and I proudly served for almost 28 years, retiring with the rank of Rear Admiral. During my Navy career, I served on a number of ships, including as the Commanding Officer of the Spruance Class Destroyer *USS John Hancock*, as the Commander of Middle East Force/Destroyer Squadron FIFTY homeported in Manama, Bahrain, as Commander of NATO's Standing Naval Force Mediterranean, homeported in Naples, Italy, and as the Commander of Cruiser Destroyer Group 5/The Nimitz Battle Group. During these assignments, I was honored to serve with some of the finest men and women in our Armed Forces.

While not on ship assignments in the Navy, I served in several prominent positions both at the Pentagon and overseas, concluding my Navy career as the Director

for Environmental Protection, Safety and Occupational Health. My various assignments in the Navy have given me a thorough understanding of national security policy and a broad view of the requirements necessary to defend our national interests. I have worked closely with military and diplomatic representatives of many countries, helping me to understand the special issues involved in dealing with nations and peoples of different viewpoints and cultures. In assuming increasing command responsibility over the years, I have developed a firm knowledge of how large organizations function, and how to lead, manage, and motivate people to ensure that the strategic and operational goals of the organization are met.

After my retirement from active duty with the U.S. Navy, I was honored that Secretary Mineta selected me as one of the first Federal Security Directors (FSD) in the newly formed Transportation Security Administration. I agreed to serve as the first FSD for Los Angeles International Airport (LAX).

When I arrived at LAX in July 2002, our focus was meeting the two key Congressional deadlines found in the Aviation and Transportation Security Act (ATSA). The first required that we have all passenger screening performed by newly hired, trained, and deployed Federal screeners by November 19, 2002. The second deadline called for screening all checked baggage for explosives with electronic screening devices, manned by Federal baggage screeners, by December 31, 2002. In July 2002, all passenger screening at LAX was still performed by private contract screeners, most of whom were in place before September 11, 2001, and many of whom could not meet the new strict qualification standards of ATSA. TSA and LAX also began the immense task of purchasing, installing, and operating the Explosives Detection Systems (EDS) and Explosives Trace Detection (ETD) systems for screening checked baggage. Neither LAX, nor virtually any other airport, was constructed with a view towards satisfying the comprehensive aviation security measures that Congress and TSA envisioned. Meeting this deadline was an exceptional challenge.

I am pleased that, with the help of many dedicated people, LAX was able to meet both deadlines. This required the cooperation of not just TSA employees, but numerous others including the City of Los Angeles and its airport management staff; the air carriers; law enforcement officers; the many contractors involved in hiring, training, and deploying screeners and explosives detection equipment; and the hundreds of pre-9/11 screeners who agreed to stay on board until TSA screeners replaced them. Many later joined us as TSA screeners. I must also recognize the cooperation of the millions of passengers who passed through LAX during that period. The support by all parties was indicative of the amazing level of cooperation that all of us have seen throughout the country following the attacks of 9/11.

Having met the goals of standing up the FSD organization at LAX and making the transition to Federal passenger and baggage screening requirements, I was later asked by ADM Jim Loy, then the Administrator of TSA, to take on one more assignment for TSA. In August 2003, I rejoined TSA at the headquarters staff as TSA Deputy Chief of Staff, with a particular focus on ensuring that TSA was responsive to the important concerns of the Congress. In all of my dealings with the Members of Congress, I have been struck by their compelling desire to see that DHS and TSA fully succeed in their mission.

In December 2003, when ADM Loy moved to his current position as Deputy Secretary of Homeland Security, I was named Acting Administrator of TSA. I am grateful for the confidence that Secretary Ridge, Deputy Secretary Loy, and Under Secretary Hutchinson have shown in me by asking me to serve in this critical position. The continued support that I have received from each of them has been outstanding.

Recent events have reinforced the fact that we live in dangerous times. Last December, the national threat level was raised to Orange, based on concerns over a number of potential threats to homeland security, particularly in the aviation sector. In February and March, terrorists attacked subway and rail systems in Moscow and Madrid, resulting in the loss of many lives. Clearly, the transportation sector remains an inviting target for terrorist attacks.

As Acting Administrator, I have worked to sharpen the operational focus at TSA. The centralized hiring and management system that TSA adopted in order to start-up the organization from scratch was effective during that period, but it requires revision now that we are a more mature organization. I am in the midst of giving our Federal Security Directors more authority in hiring, training, testing, and managing their screener workforce. If confirmed, I will continue down this road. I expect our FSDs to be fully responsible for the Federal security program at their assigned airports. If confirmed, I will give them the necessary authority to carry out these functions, and I will hold them accountable for their actions.

Every morning, I chair a comprehensive review of the intelligence assembled on all sectors of transportation, and the threats that are signaled by this intelligence. Together with my senior staff, we review, in detail, daily reports from FSDs on inci-

dents concerning aviation security, and daily reports of incidents affecting non-aviation modes of transportation. With the top-notch staff that we are assembling at our Transportation Security Operations Center, we coordinate intelligence, threat and risk assessments, and operational responses with necessary Federal, state, and local agencies, and with key non-Governmental stakeholders in the transportation sector. I take this daily briefing very seriously, and I use it to shape the course that I would like TSA to take. If confirmed, I plan to continue this practice so that every day we are focused on the threats to transportation security, enabling us to bring our resources to bear on mitigating those threats.

In my role as Acting Administrator, I have been guided by several key principles. The first of course is Leadership—leading people, leading the development and deployment of technology to more efficiently use our resources, and leading change. The second is Partnership. I have worked to develop and promote a spirit of partnership with all of the stakeholders that are involved in protecting, operating, and using our transportation systems. Last, but just as critical, is the concept of Friendship. It is vital for the success of DHS and TSA that we inspire the trust and confidence of the American people, and their elected representatives in Congress. I am fully engaged in building this foundation. Part and parcel of this foundation is the understanding that TSA will respect and preserve the individual privacy of our citizens while we work to enhance security. Another key element in the foundation of Friendship is customer service. We will better serve the overall interests of homeland security if we provide a high level of customer service. I have sought to instill this concept in my staff, whether in the field or in headquarters. If confirmed, I will continue to move forward with these principles in mind.

With passenger enplanements near pre-September 11 levels and in the midst of the busy summer traveling season, we continue to focus our attention on providing effective security as efficiently as possible. TSA has developed and implemented an Aviation Partnership Support Plan (APSP) for instituting best practices that serve us well not only for the busy summer period, but also beyond. We have targeted a number of key airports for special emphasis this summer. Although airports have experienced the highest number of passengers since the summer of 2001, TSA's careful planning in partnership with air carriers, airport operators, and the passengers themselves is paying off, increasing screening throughput at all airports while assuring the same high level of security that the Nation expects.

TSA is making progress on other fronts as well. We have launched the Registered Traveler program at Minneapolis-St. Paul airport with cooperation from Northwest Airlines, and through the summer we will initiate pilots at 4 more airports. Those airports, and their airline partners are: Los Angeles International Airport—United Airlines; George Bush International Airport/Houston—Continental Airlines; Boston Logan International Airport—American Airlines; and Ronald Reagan Washington National Airport—American Airlines. Guidance for the Screening Partnership Program has been issued, announcing that TSA will accept applications from airports during a 3 week period from November 19 to December 10, 2004. This will be followed by a competitive selection process for private contractors. TSA's Assistant Administrator for Transportation Security Policy, Tom Blank, testified before you on this issue on June 24, 2004.

TSA continues to press forward with initiatives to improve the technology used to screen airline passengers and baggage, and if confirmed I will continue these efforts as a high priority. We have initiated operational testing and evaluation of an explosives trace detection portal at a passenger security checkpoint at T.F. Green Airport serving Providence, Rhode Island, and Greater Rochester (N.Y.) International Airport. By the end of this month, we will expand this test to include San Diego International Airport-Lindbergh Field, Tampa International Airport, and Gulfport-Biloxi (Miss.) International Airport. TSA is performing Research and Development (R&D) on document scanners to identify trace explosives that might pass from passengers to boarding documents. TSA is also engaged in R&D on small explosive detection systems units for screening carry-on baggage.

TSA also has a robust program in effect for enhanced screening of air cargo carried aboard passenger planes. Using our Air Cargo Strategic Plan as a foundation, we have put into practice numerous improvements in the air cargo supply chain, targeting high-risk cargo as we also undertake the R&D efforts necessary to identify an effective and appropriate technology solution. We have backed this up with regulatory requirements to the air carriers that are enforced by a staff of air cargo security inspectors.

I would also like to address the attention that TSA is devoting to the non-aviation modes of transportation. Some have voiced a concern that TSA's operations may not give the same attention to the security needs of the five other transportation modes that we do to aviation. This Committee has held several hearings to keep well-in-

formed of TSA's activities in intermodal transportation matters. I firmly believe that TSA is fully attuned to transportation security needs across the transportation sector and that we are acting on these needs. The Department of Homeland Security designated TSA with the responsibility to prepare an overarching Sector Specific Plan (SSP) for the transportation sector, as required under the National Infrastructure Protection Plan outlined in Homeland Security Presidential Directive 7 (HSPD-7). Staff throughout TSA is fully engaged in this major undertaking. In this effort, we are working under the leadership of the Department and the Border and Transportation Security directorate and in close coordination with DHS components including the U.S. Coast Guard, the Information Analysis and Infrastructure Protection directorate, the Science and Technology directorate, and U.S. Customs and Border Protection. The SSP is also being developed in collaboration with the Department of Transportation and its modal administrations, with other key Federal agencies, and with non-Federal stakeholders.

On a more operational note, TSA has recently completed two separate pilot projects involving the use of explosives detection technology to screen passengers, baggage, and cargo at two rail stations within the Washington, D.C. commuting area. Data collected from these pilot projects will enable us to assess the use of this technology as a high threat response capability in the rail environment.

Obviously, as a result of the clear direction from Congress in ATSA and subsequent legislation, TSA has a more prominent operational role in aviation security than in non-aviation modes of transportation. However, in coordination with the Department and our other partners, we will ensure that the appropriate level of security applies to other modes of transportation, commensurate with the threat and risks faced in those modes. If confirmed, I look forward to furthering the security of all modes of transportation, in concert with our many partners.

I welcome the cooperation that TSA has received from Congress since we were created. I fully recognize the critical oversight function of Congress, and if confirmed, I hope to continue forging this important partnership.

Mr. Chairman, Senator Hollings, and Members of the Committee, this concludes my prepared statement. I look forward to answering your questions.

A. BIOGRAPHICAL INFORMATION

1. Name: (Include any former names or nicknames used.) David Malcolm Stone.
2. Position to which nominated: Assistant Secretary of Homeland Security (Transportation Security Administration).
3. Date of nomination: Announced by The White House April 8, 2004.
4. Address: (List current place of residence and office addresses.)

Residence: Information not released to the public.

Office: 601 South 12th Street, Arlington, VA 22202.

5. Date and place of birth: 07/13/1952; Elgin, Illinois.
6. Marital status: (Include maiden name of wife or husband's name.)
Married to Cynthia Faith Stone (Maiden Name Voth) in 1977 to present.
7. Names and ages of children: (Include stepchildren and children from previous marriages.) None.
8. Education: (List secondary and higher education institutions, dates attended, degree received, and date degree granted.)

School	Attended	Degree	Date Granted
Naval War College	08/1985-06/1986	MA Nat'l Security & Strat	06/1986
Salve Regina College (Newport, RI)	08/1985-05/1986	MS Management	05/1986
U.S. Naval Postgraduate	09/1977-03/1979	MA Nat'l Security Affairs	03/1979
U.S. Naval Academy	07/1970-06/1974	BS History	06/1974
Irving Crown High School Carpentersville, IL)	09/1966-06/1970	Diploma	06/1970

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.)

I had continuous service in the U.S. Navy from my entrance into the U.S. Naval Academy in July 1970 until my retirement from the U.S. Navy in April 2002. My specific positions and assignments are found on the attached sheet.

Employer	Title	Location	Date
Transportation Security Administration	Acting Administrator	Arlington, VA	12/2003-Present

Employer	Title	Location	Date
Transportation Security Administration	Deputy Chief of Staff	Arlington, VA	08/2003–12/2003
Transportation Security Administration	Federal Security Director, Los Angeles Intl Airport	Los Angeles, CA	06/2002–05/2003
U.S. Navy	Director, Environmental Protection, Safety & Occupational Health— CNO Staff	Washington, DC	12/2001–04/2002
U.S. Navy	Commander, Comcrudesgru Five Nimitz Battle Group	San Diego, CA	10/2000–12/2001
U.S. Navy	Deputy Director for Surface Warfare—CNO Staff	Washington, DC	12/1999–10/2000
U.S. Navy	Commander NATO's Standing Naval Force Mediterranean	Naples, Italy	09/1998–09/1999
U.S. Navy	Chief of Staff for Commander Sixth Fleet	Gaeta, Italy	08/1996–08/1998
U.S. Navy	Commander Middle East Force/Destroyer Squadron FIFTY	Manama, Bahrain	11/1994–07/1996
U.S. Navy	Navy Training	Various	08/1994–10/1994
U.S. Navy	Head of the Warfare Policy Branch—CNO Staff	Washington, DC	08/1993–07/1994
Armed Forces Staff College	Joint Training	Norfolk, VA	05/1993–06/1993
U.S. Navy	Commanding Officer of USS John Hancock	Mayport, FL	06/1991–04/1993
U.S. Navy	Commanding Officer School	Newport, RI	12/1990–04/1991
U.S. Navy	Special Assistant to the Commander in Chief U.S. Naval Forces Europe	Naples, Italy	03/1988–05/1990
U.S. Navy	Executive Officer USS Richmond Turner (CG20)	Charleston, SC	09/1986–02/1988
U.S. Navy	EXEC Training School	Newport, RI	07/1986–08/1986
U.S. Navy	Naval War College Student	Newport, RI	08/1985–06/1986
U.S. Navy	Assistant Chief of Staff for Material, Cruiser- Destroyer Group 12	Mayport, FL	08/1983–07/1985
U.S. Navy	Executive Officer USS Gemini	Key West, FL	11/1981–07/1983
U.S. Navy	Engineer Officer USS Caron	Norfolk, VA	01/1980–11/1981
U.S. Navy	Surface Warfare Training School	Newport, RI	04/1979–12/1979
U.S. Navy	U.S. Naval Postgraduate School	Monterey, CA	09/1977–03/1979
U.S. Navy	CIC Officer, Damage Control Assistant, and First Lieutenant USS Vreeland (FF 1068)	Athens, Greece Philadelphia, PA Mayport, FL	1974–09/1977

10. Government experience: (List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above.) None.

11. Business relationships: (List all positions held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.) None.

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

Surface Navy Association—Chapter President
U.S. Naval Academy Alumni Association—Member

13. Political affiliations and activities:

(a) List all offices with a political party which you have held or any public office 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 \$500 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 achievements.)

Legion of Merit (4)
Defense Meritorious Service Medal (2)
Meritorious Service Medal (3)
Navy Commendation Medal (3)
Navy Achievement Medal

15. Published writings: (List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.) None.

16. Speeches: Provide the Committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of on topics relevant to the position for which you have been nominated.

On March 8, 2004, I gave remarks about TSA (Leadership/Partnership/Friendship Theme) at the National Defense University Reserve Components National Security Course (RCNSC) (not a formal speech).

On March 3, 2004, I gave remarks about TSA (Leadership/Partnership/Friendship Theme) at a DHS One-Year Anniversary Event in Minneapolis, MN (not a formal speech).

On February 4, 2004, I gave remarks about TSA (Leadership/Partnership/Friendship Theme) at a Dinner with the Metropolitan Washington Airports Authority Board of Director's Dinner in Crystal City, VA (not a formal speech)

17. Selection:

(a) Do you know why you were selected for the position to which you have been nominated by the President?

I am grateful for the trust and confidence that the President has shown in me by nominating me to this important position. While I have not spoken directly to the President on this matter, my career both in the United States Navy as well as at the Transportation Security Administration may have been a factor in his decision.

As a Navy officer and as a senior leader at the Transportation Security Administration, I have shown a pattern of successfully managing and leading large organizations. During my 28-year career as a United States Naval Officer, in which I achieved the rank of Rear Admiral, I was responsible for commanding sailors and marines and entrusted with billions of dollars of valuable military equipment. More importantly, I played a key role in the defense of the strategic interests of the United States. Subsequently, I served as the first Federal Security Director (FSD) at Los Angeles International Airport (LAX). While at LAX, one of the busiest airports in the nation and the world, I undertook and met the challenge to maintain security as the airport transitioned from the pre-9/11 screener staff to a new, federalized and highly trained workforce. As the Acting Administrator for TSA since December 2003, I have guided TSA as it has continued to improve its ability to provide for security in all modes of transportation.

(b) What in your background or employment experience do you believe affirmatively qualifies you for this particular appointment?

My leadership skills, developed during a lifetime of service to this country, have provided a foundation for me to successfully lead TSA. Additionally, I bring a working knowledge of our Nation's homeland security organization and how transportation security factors into the larger agenda. I am committed to a full partnership with the many stakeholders in the transportation sector, including State and local governments, Indian tribes, private industry, and the American public, all of which rely heavily on a secure transportation system. I am working closely with Members of Congress to ensure TSA remains focused on preserving our freedoms while we go about our important work of protecting America.

B. FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, business associations, or business organizations if you are confirmed by the Senate? Yes.

2. Do you have any plans, commitments, or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, please explain. No.

3. Do you have any plans, commitments, or agreements after completing government service to resume employment, affiliation, or practice with your previous employer, business firm, association, or organization? No.

4. Has anybody made a commitment to employ your services in any capacity after you leave government service? No.

5. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable? Yes.

C. POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients, or customers.

None, with the exception of my retirement from the United States Navy.

2. 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.

3. 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. None.

4. 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. None.

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.)

There are currently no potential conflicts of interest. If any arise, I will immediately consult with the Designated Agency Ethics Official.

6. Do you agree to have written opinions provided to the Committee by the designated agency ethics officer of the agency to which you are nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position? Yes.

D. LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, please explain. No.

2. Have you ever been investigated, arrested, charged, or held by any Federal, State, or other law enforcement authority for violation of any Federal, State, county, or municipal law, regulation, or ordinance, other than for a minor traffic offense? If so, please explain. No.

3. Have you or any business of which you are or were an officer ever been involved as a party in an administrative agency proceeding or civil litigation? If so, please explain. 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, please explain. No.

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

Received an "Outstanding Citizen Award" by hometown of Algonquin, Illinois, in recognition of achievement and outstanding commitment to service.

E. RELATIONSHIP WITH COMMITTEE

1. Will you ensure that your department/agency complies with deadlines for information set by congressional committees? Yes.

2. Will you ensure that your department/agency does whatever it can to protect congressional witnesses and whistle blowers from reprisal for their testimony and disclosures? Yes.

3. Will you cooperate in providing the Committee with requested witnesses, including technical experts and career employees, with firsthand knowledge of matters of interest to the Committee? Yes.

4. Please explain how if confirmed, you will review regulations issued by your department/agency, and work closely with Congress, to ensure that such regulations comply with the spirit of the laws passed by Congress.

Regulations would be reviewed based on a full consideration of the legislative history associated with the statutory authority for the regulations. If clarification concerning the intent behind statutory authorities would be helpful, I would seek further information from Congress and its committees as appropriate. In addition, I would fully comply with the requirements for submission of final rules to Congress under the Small Business Regulatory Enforcement Fairness Act.

5. 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.

F. GENERAL QUALIFICATIONS AND VIEWS

1. How does your previous professional experiences and education qualify you for the position for which you have been nominated?

As a Navy officer and as a senior leader at the Transportation Security Administration, I have shown a pattern of successfully managing and leading large organizations. During my 28-year career as a United States Naval Officer, in which I achieved the rank of Rear Admiral, I was responsible for commanding sailors and marines and entrusted with billions of dollars of valuable military equipment. More importantly, I played a key role in the defense of the strategic interests of the United States. My undergraduate and postgraduate studies at the U.S. Naval Academy and the Naval War College provided me with an excellent background in national security affairs and strategies, and I frequently drew upon this educational foundation as I carried out my duties. Subsequently, I served as the first FSD at Los Angeles International Airport (LAX). While at LAX, one of the busiest airports in the nation and the world, I undertook and met the challenge to maintain security as the airport transitioned from the pre-9/11 screener staff to a new, federalized and highly trained workforce. As the Acting Administrator for TSA since December 2003, I have guided TSA as it has continued to improve its ability to provide for security in all modes of transportation.

2. Why do you wish to serve in the position for which you have been nominated?

It would be an honor to serve the United States and its citizens in this position of trust and responsibility. My long career in public service has given me an opportunity to develop the experiences, perspectives, and skills to successfully lead the TSA, and I believe it is my duty to contribute to our homeland security efforts at this challenging time in our Nation's history.

3. What goals have you established for your first two years in this position, if confirmed?

Internal challenges to TSA include: (1) Enhance operational field focus and establish inter-modal risk mitigation planning. (2) Cut layers of HQ staff between the Administrator and the field. (3) Empower the FSD and allow for more local decision-making. (4) Make the concept of a Model Workplace for TSA employees a reality. (5) Accelerate technology to the field and reduce the dependence on the high number of personnel that are currently needed to provide security.

It would be my goal in the first two years to take the following actions to address these internal challenges: (1) Conduct daily operation and intelligence briefings with Senior staff utilizing the Transportation Security Operations Center as the TSA operational center of gravity. (2) Realign the TSA HQ Staff to provide for better integration and to reduce the layers between the Administrator and the field. (3) Initiate action to allow for local testing, local training, and local hiring in order to facilitate the empowerment of the FSD in the field. (4) Constantly review issues that impact the morale and welfare of TSA employees and ensure leaders are held responsible for taking measures to enhance the Quality of Life and Quality of Work of each TSA employee. (5) Develop Transition plans to accelerate technologies to the

field that enhance security and reduce both the number of personnel and the level of effort required to perform the security mission.

External challenges for TSA include: (1) Integrating fully within the Department of Homeland Security in order to operate most effectively and efficiently. (2) Developing thoughtful Sector Specific Plans for the Transportation, Shipping and Postal sectors of the economy in partnership with other entities to more fully mitigate the risk of Terrorist attack. (3) Ensuring the Privacy and Freedoms we all enjoy as Americans are preserved as we seek out innovative ways to better protect America against a Terrorist attack. (4) Accelerating the use of technology to enhance the overall security of the Transportation Sector.

It would also be my goal to address these external challenges by taking the following actions: (1) Imbue within TSA a culture of change to drive out concepts such as “protecting turf.” Constantly seek to integrate TSA activities within DHS to get the maximum use of every tax dollar. (2) Partner with other government agencies and the private sector in developing Protection Plans for the Transportation and Shipping and Postal critical infrastructure sectors. (3) Constantly review privacy issues to ensure actions are taken in a proactive manner to protect our freedoms as we carry out the TSA mission. (4) Develop transition plans for technology that can facilitate the smooth flow of commerce while enhancing the security of the overall process. The use of new technology to reduce the level of personnel needed to carry out a specific task can in many cases allow for a more efficient and effective use of the taxpayers dollar.

4. What skills do you believe you may be lacking which may be necessary to successfully carry out this position? What steps can be taken to obtain those skills?

I believe I possess all the necessary skills to be successful in carrying out this important position.

5. Please discuss your philosophical views on the role of government. Include a discussion of when you believe the government should involve itself in the private sector, when society’s problems should be left to the private sector, and what standards should be used to determine when a government program is no longer necessary.

My view of government is that it exists to serve the citizens. In the United States, it is a government “of the people” and “for the people.” The extent of its involvement in the private sector should be guided by what “the people” decide is in their best interest. These interests may vary over time and among generations, and this is often very much a qualitative rather than quantitative process. The government’s degree of involvement in the private sector should reflect the peoples’ needs. Public-private partnerships are very powerful forces that serve the people extremely well. Elections allow the people to signal their needs to their elected officials and also provide an excellent pulse on when a government program is no longer necessary.

6. Describe the current mission, major programs, and major operational objectives of the department/agency to which you have been nominated.

The mission of the Transportation Security Administration is to protect the Nation’s transportation systems to ensure freedom of movement for people and commerce. Our vision is that TSA will continuously set the standard for excellence in transportation security through its people, processes and technology.

TSA also supports the missions of the Border and Transportation Security (BTS) Directorate and Department of Homeland Security. BTS has the mission to protect national security and promote public safety by enforcing our nation’s immigration and customs laws, providing a trained and effective border and transportation system defense against all external threats, including international terrorists, and other threats such as illegal drugs and other contraband, while preserving the free flow of legitimate trade and travel. The mission of DHS is to lead the unified national effort to secure America, to prevent and deter terrorist attacks, to protect against and respond to threats and hazards to the nation, to ensure safe and secure borders, to welcome lawful immigrants and visitors, and to promote the free-flow of commerce.

Major programs and initiatives at TSA currently include (in alphabetical order):

- *Air Cargo Enhancements*—TSA, working with U.S. Customs and Border Protection, is implementing the Air Cargo Strategic Plan, which includes establishing a Cargo Pre-Screening system to identify “high-risk” cargo and working with other federal agencies and the air carrier and shipping industries to ensure that all “high risk” cargo is inspected; strengthening the Known Shipper Program and implementing the Known Shipper Automated Database; implementing the Indirect Air Carrier certification system; carrying out procedures to secure cargo during transport to the airport; training air carrier and Indirect Air Carrier personnel; and ensuring compliance with screening directives. In addition, TSA is

studying technologies for screening cargo and aggressively pursuing new technological solutions. A Notice of Proposed Rulemaking is in development to further strengthen air cargo security.

- *Aviation Partnership Support Plan*—This program mitigates congestion at passenger screening checkpoints during the high volume summer travel months. The plan includes specific operational adjustments and an aggressive public information campaign. It is intended to ease wait times over the summer at all the Nation’s airports with particular emphasis on 25 of the busiest airports that have the resources and relationships to take maximum advantage of the plan’s measures.
- *CAPPS II*—Research and development of technology and procedures to enhance aviation passenger prescreening while safeguarding privacy rights and civil liberties.
- *Crew Member Security Training*—A program to ensure that flight attendants and other crew members receive consistent, effective training to help prepare them to respond to terrorist threats that may be encountered in-flight. It includes establishing new basic security training standards and developing and providing voluntary Advanced Crew Member Self Defense training.
- *Explosive Detection Portals*—Explosive Detection Portals are being piloted at 5 airports (T.F. Green State Airport, Rhode Island; Greater Rochester International Airport, New York; San Diego International Airport, California; Tampa International Airport, Florida; and Gulfport Biloxi International Airport, Mississippi) this summer.
- *Federal Flight Deck Officer Program*—A program to train, arm, and deputize volunteer pilots of commercial passenger and all-cargo aircraft, flight engineers, and navigators as Federal law enforcement officers for the purpose of defending the flight decks against acts of criminal violence or air piracy.
- *General Aviation*—TSA has worked closely with the general aviation community over the past two years to implement a threat-based, risk-managed approach to general aviation. We have put in place regulatory regimes for small and large private charters, have partnered with the National Business Aviation Association on a pilot project to enhance security for corporate operators, and have implemented a GA Hotline that serves as a linchpin for the Aircraft Owners and Pilots Association’s highly regarded Airport Watch Program. Most recently, TSA released Version 1.0 of an Information Publication titled Security Guidelines for General Aviation Airports, which provides “best security practices.” We are in the process of drafting a five-year strategic plan for general aviation that will cover the remainder of this decade, 2005–2009. Additionally, we are developing a general aviation airport vulnerability self-assessment tool that will be launched later this year.
- *HAZMAT Credentialing*—TSA is developing plans to conduct background checks on commercial truck drivers who transport hazardous materials (HAZMAT), including explosives, to protect against the threat posed by terrorists transporting hazmat and to maximize flexibility for the States so the issuance of hazmat endorsements is not impeded by security requirements.
- *Local Hiring, Training, and Testing*—Initiatives to empower FSDs with greater operational authority for recruiting, hiring, training, and testing in order to leverage more fully the expertise and knowledge of FSDs about the needs of their individual airports.
- *MANPADS Assessments*—R&D efforts are underway within the TSA Office of Security Technology relative to the aircraft survivability posed by standoff weapons (MANPADS and Rocket Propelled Grenades). The purpose of these efforts, in coordination with research partners, is to develop a susceptibility/vulnerability assessment in which (1) techniques in enhancing commercial aircraft survivability can be further explored; (2) a means to model advanced threats can be incorporated into the program; and (3) lessons are learned and applied towards potential threat mitigation and countermeasures techniques. This work is conducted in coordination with the DHS Science and Technology (S&T) Directorate’s Counter-MANPADS special program. Also, TSA is performing airport vulnerability assessments to identify and map the areas around an airport from which a MANPADS attack could be initiated and working with surrounding communities to coordinate efforts of agencies responsible for responding to this type of threat.

- *Privacy Training*—TSA employees participate in ongoing educational and training programs emphasizing their roles and responsibilities for protecting individual privacy in the course of their duties.
- *Rail and Transit Security Initiatives*—Working with rail and transit operators as well as Federal, State and local partners, TSA is providing leadership in the area of rail and transit security through promulgating best practices, assisting in implementation of Security directives issued on May 20, 2004, and developing/assessing security measures that could be utilized in high-threat situations, such as through the TRIP pilot. TRIP is a multi-phased pilot to evaluate the use of emerging technologies to screen passengers and their carry-on items for explosives in the transit and rail environment in certain situations.
- *Rail Transportation of Hazardous Materials*—TSA is leading a multi-agency task force in the D.C. metropolitan area to conduct a comprehensive security review, which includes a vulnerability assessment of the rail infrastructure, for high threat urban areas where chemicals classified as toxic by inhalation (TIH) are transported.
- *Registered Traveler*—TSA is conducting five Registered Traveler (RT) pilot tests in 2004 using biometric technology to enhance identity verification at the passenger security checkpoint, as well as identify business processes, such as reconfiguration of lines and lanes, that might facilitate a secure and expedited travel experience. The tests are designed to evaluate the merits of an RT program without disrupting airport operations or compromising security. TSA has selected Minneapolis-St. Paul International Airport, Los Angeles International Airport, George Bush Intercontinental Airport/Houston, Boston Logan International Airport, and Ronald Reagan Washington National Airport as pilot test sites.
- *Screener Partnership Program (“Opt Out”)*—A program to allow airports to apply for and transition to having private companies provide screeners under a contract with TSA.
- *Screener Performance Evaluation and Recurrent Training*—Multiple initiatives are underway to design, develop, distribute, administer, and evaluate sound and effective performance and training support directly related to the screening of people and property to address threats across all transportation modes.
- *SIDA/Sterile Security Directives*—Revised SIDA/Sterile Security Directives, as well as enhanced airport employee background checks are being pursued in order to improve physical security at our nation’s airports.
- *Transportation Worker Identification Credential (TWIC)*—A pilot program underway to explore establishing a system-wide common credential for use across all transportation modes for personnel requiring unescorted physical and/or logical access to secure areas of the transportation system.

The major operational objectives of the Transportation Security Administration are as follows:

- *Awareness*; ensure we gain awareness of the full scope of threats and vulnerabilities, as well as the impact of mitigation actions, to transportation in our domain of responsibility.
- *Prevention and Protection*; deter foreign and domestic terrorists and other individuals from causing harm or disrupting the transportation system and/or its users.
- *Response and Recovery*; ensure that an agile incident response capability is coordinated to swiftly and effectively restore freedom of movement—as well as enabling the use of the transportation system in the course of an incident.
- *Service*; ensure that we serve the public effectively by facilitating legitimate trade and travel.
- *Organizational Excellence*; operate as a leading edge, performance-based organization that consistently meets performance objectives while practicing outstanding stewardship of our resources.

7. What do you believe to be the top three challenges facing the department/agency and why?

Broadly speaking, TSA must not falter in its determination and dedication to the objectives of the Department, the needs of the American people, and the security of our Nation. Recent events have reinforced the fact that we live in dangerous times. Last December, the national threat level was raised to Orange, based on concern over a number of potential threats to homeland security, particularly in the aviation sector. In February and March 2004, terrorists attacked subway and rail

systems in Moscow and Madrid, resulting in the loss of many lives. Clearly, the transportation sector remains an inviting target for terrorist attacks. As TSA employees, it is our job to remain vigilant as we work tirelessly in the fight to keep our homeland safe and secure.

The top three aviation sector threat-related issues and challenges facing TSA are: (1) the development and deployment of explosives detection technology at the passenger checkpoint, (2) enhancing security of the Sterile Areas and Security Identification Display Areas (SIDA) of airports, and (3) the enhancement of TSA and industry's capacity for efficient and effective air cargo screening.

In addition, TSA has several organizational challenges that are natural for a new agency in a new department. As TSA matures as an organization, we will continue down the path of building a results-oriented culture and seek out greater efficiencies where possible. For example, I am in the process of giving our FSDs more authority in hiring, training, testing, and managing their screener workforce. TSA must exhibit leadership through empowering its people, deploying appropriate technology, and seeking positive change. We will develop and promote a spirit of partnership with all of the stakeholders who are involved in protecting, operating, and using the transportation system. Finally, it is vital for the success of DHS and TSA that we inspire the trust and confidence of the American people and their elective representatives through our diligence, respect for privacy and civil liberties, and world-class standards in customer service.

8. In reference to question number six, what factors in your opinion have kept the department/agency from achieving its missions over the past several years?

TSA has achieved its mission over the past several years. While there is much yet to be done as TSA pursues and enhances our many-layered "system of security systems," we have achieved considerable results in less than three years since enactment of the Aviation and Transportation Security Act (ATSA). The synergies developed through the creation of the Department of Homeland Security have substantially contributed to our success.

At the direction of Congress and as dictated by threat, we have focused significant resources on strengthening the aviation security system. Even as we were standing up the agency, we successfully met an aggressive schedule to federalize the screener workforce and enhance security technology for the detection of explosives and other purposes. TSA has built a highly skilled screening force, created mechanisms to balance the placement of screeners in airports across the Nation, and reduced attrition to a fraction of its pre-9/11 levels. We have deployed explosives screening technology in all airports through the certification, purchase, and installation of approximately 1,000 Explosives Detection Systems (EDS) and 5,300 Explosives Trace Detection (ETD) machines at airports throughout the country. We have trained and deputized thousands of Federal Flight Deck Officers. TSA has increased cooperation with our international partners at airports overseas and with air carriers that fly into and out of the United States. We have required more than a million criminal history records checks for U.S. airport workers needing unescorted access to secure areas of the airport, and we are working on improving the access process as part of our overall airport security program. Throughout this process, we have been successful at capturing learning and quickly applying these lessons to refine our training and testing methodologies. TSA strives to use every tool at its disposal to motivate its personnel and advance the security of the transportation system toward excellence.

The flow of intelligence on terrorists, their methods, and their plans, has greatly improved our understanding of the threats that we face and helped us focus our resources on meeting those threats. There have been countless times when information shared with airports or airlines has alerted them to threats and encouraged enhanced security on their part.

In partnership with other DHS components and in coordination with the Department of Transportation, State, local and private sector partners, TSA's efforts in non-aviation security over the past two years have focused on greater information sharing between industry and all levels of government, assessing vulnerabilities in non-aviation sectors to develop new security measures and plans, leveraging existing security initiatives, increasing training and public awareness campaigns, and providing greater assistance and funding for non-aviation security activities.

We are dedicated to making every effort to continue to achieve our mission to protect the Nation's transportation systems to ensure freedom of movement for people and commerce.

9. Who are the stakeholders in the work of this department/agency?

TSA's stakeholders are private and public sector organizations and associations that are impacted by policies to secure the various modes of transportation. TSA's principal stakeholders are organizations that represent the owners, operators, and interested parties associated with the various modes of transportation. These in-

clude, but are certainly not limited to, the traveling public; intergovernmental associations; employee organizations; air carriers; airport, port, rail, and transit operators; technology researchers and suppliers; cargo shippers and handlers; and other private sector companies partnered with TSA on security projects.

10. What is the proper relationship between the position to which you have been nominated, and the stakeholders identified in question number nine?

As a critical economic sector in the United States, our transportation system is vital to our way of life. The relationship of the Assistant Secretary of Homeland Security for the Transportation Security Administration to the stakeholders noted in answer number nine should be a true partnership involving regular information exchanges, updates on developments, and mutual understanding of threats. This partnership allows TSA to formulate strategic policy and ensure that new and existing programs are responsive to stakeholders' needs and reflective of their operational environments. Our work with stakeholders creates a conduit through which TSA and stakeholders can inform each other about policies and actions and respond to requests for information. These relationships are indispensable to TSA's mission to protect the Nation's transportation systems and to ensure freedom of movement for people and commerce.

11. The Chief Financial Officers Act requires all government departments and agencies to develop sound financial management practices.

(a) What do you believe are your responsibilities, if confirmed, to ensure that your department/agency has proper management and accounting controls?

If confirmed as Administrator of the TSA, I will be entrusted with ensuring the safety and security of the traveling public. At the same time, I will also be entrusted with ensuring the proper stewardship of TSA's resources on behalf of the U.S. taxpayers. Implementing an effective system of internal controls, requiring sound financial management, and ensuring compliance with laws and regulations are fundamental responsibilities of department and agency leaders. As an FSD and as Acting Administrator it has been my responsibility to verify that TSA's resources are used efficiently and effectively to achieve intended program results, while reducing the risk of fraud, waste, and abuse. If confirmed as Administrator, I will continue my efforts to lead the agency towards efficient operations and prudent use of resources.

It is the role of the Administrator to ensure that TSA managers, both administrative and operational, are aware of and appreciate the requirements of the Federal Managers' Financial Integrity Act, the Chief Financial Officers Act, and the Government Performance and Results Act, as well as associated GAO, OMB, and Departmental guidance for management, accounting and budgetary controls. The Administrator must ensure that a culture of accountability and fiscal discipline exists throughout the agency.

Furthermore, it is the role of the Administrator to guide the agency's financial performance, through the annual financial statement audits required by the Chief Financial Officer's Act. For the last two years, TSA has gone above and beyond the minimum audit requirements. Due to the formative nature of our organization, TSA has specifically requested that its external auditors perform a standalone, full scope audit of TSA's financial statements and notes rather than being part of the consolidated departmental audits. This increased level of audit scrutiny minimizes the overall risk of misstated financial results and serves to better identify management control shortcomings and risk areas. While the audits resulted in "clean" opinions, they identified certain material internal control weaknesses, which must be corrected to ensure resources are used effectively and efficiently. Currently, our Office of Financial Management provides to me and the other senior TSA leadership a monthly update that presents the status on the actions being taken to correct material weaknesses. As Administrator, I will continue to support audit initiatives and will push TSA management and staff to correct known weaknesses and maintain "clean" audit opinions.

In summary, while the Administrator must maintain a primary focus on ensuring the agency meets its operating mission, it is also important that public resources are used as judiciously as possible to meet that mission. I will continue to push TSA to strengthen its management control program, earn clean audit opinions, and be a responsible steward of public resources.

(b) What experience do you have in managing a large organization?

As noted above, as a United States Naval Officer for almost 28 years I achieved the rank of Rear Admiral, and during my career, I was responsible for commanding sailors and marines and entrusted with billions of dollars of valuable military equipment. In both the Navy and at TSA, I have successfully managed and led large organizations. I was one of the first FSDs named by Secretary Mineta shortly after TSA was stood up as an agency, and I served as the first FSD at Los Angeles Inter-

national Airport (LAX), one of the busiest airports in the nation and the world. As the Acting Administrator for TSA since December 2003, I have guided TSA as it has continued to improve its ability to provide for security in all modes of transportation.

12. The Government Performance and Results Act requires all government departments and agencies to identify measurable performance goals and to report to Congress on their success in achieving these goals.

(a) What benefits, if any, do you see in identifying performance goals and reporting on progress in achieving those goals?

I see several benefits in identifying performance goals and reporting on our achievement of them: (1) by doing so we improve accountability and the confidence of Americans in federal government; (2) it allows senior managers of departments/agencies to focus on the actual results of his or her organization's activities and services, thus improving the managerial and internal workings of the federal government; and (3) it supports Congressional oversight and decision-making activities. It is also my view that GPRA is uniquely successful when compared to prior programs that tried to improve the working of the Federal government because it requires that agency "results" be integrated into the budgetary decision-making process.

(b) What steps should Congress consider taking when a department/agency fails to achieve its performance goals? Should these steps include the elimination, privatization, downsizing, or consolidation of departments and/or programs?

Privatization or organizational changes may be appropriate; however, they should be viewed as options among many considerations and solutions. GPRA reporting procedures allow those departments/agencies that fail to achieve their goals the opportunity to disclose the reason(s) for their failures. GPRA also allows those organizations to develop plans to achieve the goals they failed to achieve. It is my view that the statute provides some flexibility in this area because: (1) it is sometimes difficult to establish the cause and effect of a failure to achieve a goal (as outside influences may contribute to an outcome); and (2) some results will not be apparent for years. I support the sequence of events stated in the law and note that it has been Congressional practice to allow organizations to follow the statute's guidance on this matter. Having stated that, it is my view that if no improvements are noted after alternative corrective actions have been implemented, then as stipulated by GPRA, budgetary adjustments should be taken with the organization.

(c) What performance goals do you believe should be applicable to your personal performance, if confirmed?

If confirmed, my job would be to protect the Nation's transportation systems to ensure the freedom of movement for people and commerce. My performance goals should be linked to this mission and the strategic and performance goals our agency is committed to for successfully achieving the vision we share with the American people for homeland security. TSA has a suite of performance goals and measures designed to capture how effective and efficient we are in our protection of the transportation system and overall customer satisfaction with TSA.

13. Please describe your philosophy of supervisor/employee relationships. Generally, what supervisory model do you follow? Have any employee complaints been brought against you?

TSA faces unique challenges in protecting the Nation's transportation system and the American people, and I am committed to a Model Workplace where the best employment ideals and practices are exemplified. The most important resource at TSA is its employees, and if confirmed, I will guide TSA to continuously set the standard for excellence in transportation security by valuing its employees in carrying out our mission.

To keep an organization headed in the right direction requires the ability to lead, manage, and motivate people. Throughout my career and as the Acting Administrator of TSA, I have encouraged open and direct communication with employees. I have exercised effective leadership through the application of sound management principles, judgment, and strategic vision. Effective leaders lead people by example. It is important to set the example if you expect to gain employee support and participation. For large organizations such as TSA, strong leadership is required to effectively carry out the agency's mission and meet its goals. I take my responsibility seriously and believe skills, abilities, and performance are enhanced by good working relationships, which, in turn, contribute to the foundation of a strong organization.

In my role as Acting Administrator, I have fostered a philosophy of cooperation and collaboration across the organization by creating an environment where timely and quality data and information flow smoothly and effectively among the staff To-

gether with my senior staff, we review in detail reports from FSDs on incidents concerning aviation security, as well as daily reports of incidents affecting non-aviation modes of transportation. I take this daily briefing very seriously and will use it to shape the course I would like TSA to take. Today's requirements call for a rapid response. Managers in the field must be able to think independently and creatively in response to operational needs. I am leading the organization in this direction by providing the tools, policies and support, including outsourced support, which place more responsibility and accountability at the local level. To this end, I am developing a plan that gives FSDs more authority in hiring, training, testing and managing their screener workforce.

I have worked to set clear goals and objectives which are communicated to the entire organization.

If confirmed, I believe it would be my duty and responsibility to provide the strategic focus for the organization by encouraging the highest possible levels of achievement in activities undertaken by TSA, effectively managing resources, ensuring opportunities exist for all through employee development programs, supporting quality of life initiatives, and valuing personal and professional integrity. I am a strong believer in respecting our covenant with the workforce. This covenant includes traditional themes regarding pay, benefits, diversity in the workforce, fair treatment and equal opportunities for advancement. This also includes performing work that is valuable, creating a "healthier" TSA in terms of conflict management, stress management, fitness and other wellness initiatives and, in general, creating an organization that gains the full commitment and trust of its workforce. I am committed to an organization that treats everyone with respect, fairness, openness, and equality.

No employee complaints have been brought against me.

14. Describe your working relationship, if any, with the Congress. Does your professional experience include working with committees of Congress? If yes, please explain.

I am working closely with Members of Congress to ensure TSA remains focused on preserving our freedoms while we go about our important work of protecting America. I served TSA as the Deputy Chief of Staff from August 2003 to December 2003. An important part of my duties in this position involved coordinating TSA communications with Congress. I made every effort to ensure that information about TSA programs and initiatives was communicated to Congressional committees and that requests for information were addressed in a timely and responsive manner. As Acting Administrator of TSA, I have testified before Congressional committees, including this Committee, on several occasions on a wide range of budgetary and aviation and intermodal security matters. As the FSD for Los Angeles International Airport (LAX), I worked with the California Congressional delegation on matters of interest to them concerning security procedures at LAX, one of the busiest airports in the Nation. I also testified at a field hearing for this Committee held at LAX in August 2002, chaired by Senator Boxer. I also worked with Congressional Committees and Members of Congress in several of my prior assignments with the Navy.

15. Please explain what you believe to be the proper relationship between yourself, if confirmed, and the Inspector General of your department/agency.

If confirmed, I would cooperate fully with the Inspector General of the Department of Homeland Security and welcome the Inspector General's recommendations for the effective and efficient management of the organization.

16. In the areas under the department/agency's jurisdiction to which you have been nominated, what legislative action(s) should Congress consider as priorities? Please state your personal views.

At this time, I have no personal recommendations for priority legislative actions. However, I am committed to working with Secretary Ridge, Deputy Secretary Loy, and Under Secretary Hutchinson, and other officials at the Department of Homeland Security and within the Administration to develop any proposals for legislative action that may be needed to successfully carry out TSA's important security mission.

17. Within your area of control, will you pledge to develop and implement a system that allocates discretionary spending in an open manner through a set of fair and objective established criteria? If yes, please explain what steps you intend to take and a time frame for their implementation. If not, please explain why.

Yes, I will see that TSA continues to allocate its discretionary spending in an open manner that focuses on the threats to transportation security and brings our resources to bear on mitigating those threats. TSA currently allocates its appropriated resources among thirty-four "programs, projects, and activities" (PPAs). These allocations are made in accordance with the direction of the Congress and in accordance with strategic plans of the Department of Homeland Security and TSA. Through the TSA Chief Financial Officer, other senior officials, and when required, through more

formal communications, we will continue to keep Congress fully informed of these PPA allocations and any changes necessitated by operational requirements.

The CHAIRMAN. Thank you very much.

Mr. FRINK, do you have an opening statement?

Mr. FRINK. Yes, Mr. Chairman, I do.

The CHAIRMAN. Would you pull the microphone close to you, please?

Mr. FRINK. Certainly. Is that better?

The CHAIRMAN. Thank you.

Mr. FRINK. OK.

**STATEMENT OF ALBERT FRINK, EXECUTIVE VICE PRESIDENT,
FABRICA INTERNATIONAL, NOMINATED TO BE ASSISTANT
SECRETARY OF MANUFACTURING AND SERVICES,
DEPARTMENT OF COMMERCE**

Mr. FRINK. I would first like to begin by stating that I am profoundly aware that the U.S. Senate's constitutional responsibility to give its advice and consent to the President on Presidential nominations is one its most important responsibilities. As such, a Presidential nomination is one of the highest honors bestowed upon an American. Therefore, I am very truly honored.

Chairman McCain, distinguished Members of the Committee, I am humbled and very proud to have this opportunity to come here before you today. I wish to thank the President for nominating me to be the first Assistant Secretary for Manufacturing and Services, and Secretary Evans for supporting my nomination.

I also wish to express my deep appreciation to the industry associations, like NAM, the CRI, and the many other wonderful manufacturing organizations and service organizations, too numerous to mention, that have supported this nomination.

Thank you very much for giving me a chance to actually introduce—well, to recognize my wife and family, who are here with me today. Denise has been a blessing and a source of strength to me. I have asked her to sell her home, to move thousands of miles away from friends, family, and the life we have known. This is a real sacrifice, and I thank her for that. That's nothing that you haven't done yourselves, so you know what that's like.

I would like to summarize, briefly, my personal and professional background to help you determine how these experiences will affect my approach to the responsibilities of Assistant Secretary for Commerce and Manufacturing.

It is not my style to talk about myself, so this testimony, in itself, doesn't come that easy.

I am a man of business and industry, not of politics. I have never served the government before, and I'm pursuing this position, for a great extent, to say thanks to this country that's given me so much.

I am a Hispanic immigrant, born in Chihuahua, Mexico. My Spanish mother, Blanche Olivares, was born in El Paso, Texas; my father, New Mexico; his father was German Dutch, a tulip farmer; and his mother was a Native American. And I'm very proud of that.

I was raised in California in a blue-collar environment, and, very early on, my father taught me the importance of a strong work

ethic, and I have followed his advice. My father also taught me the importance of an extensive education. Sadly, I didn't follow that advice, as I left college early to pursue the American dream.

Having said that, I am convinced that that judgment has driven me to work harder to excel throughout my entire career. Nevertheless, the diversity of my limited education—such as training and tool engineering, mechanical drafting, and electronics, to name a few—has played a major role in my success, and, I think, will help me, if confirmed, as I go forward.

About my business. In 1974, along with two partners, and with the help of a Small Business Administration loan from SBA, I founded a California company—carpet manufacturing company. We started with only five individual, three entrepreneurs, and now we employ over 400 people. In over 30 years, we have never experienced a major layoff.

It's been a passion and a privilege to be part of building a successful organization from the ground up, and attracted some of the best people in the industry. Fabric International is generally known and ranked as the number-one high-end carpet manufacturer in the United States. As a matter of fact, many of the carpets you walk around on throughout the government offices were manufactured by our company. And I truly didn't mean that to be a commercial.

[Laughter.]

The CHAIRMAN. But it is.

Mr. FRINK. But it is.

[Laughter.]

Mr. FRINK. Thank you. I'm very proud of that.

I've devoted 30 years to this highly competitive carpet industry in California, and this experience also includes 23 years of international trade experience; thus, providing me a global perspective, something I'll need. And I also spent 35 years in merchandising, marketing, and developing successful sales teams.

I do believe this experience brings with it practical experience, authenticity, and provides me with a keen insight into the needs of manufacturing and service sectors. These experiences have also provided me with an expansive background that's necessary to tackle the complexities of this newly created position.

You know, our country's ability to create and commercialize new products is unmatched anywhere in the world, and that ability has led to unsurpassed economic growth. As we go forward, if I am fortunate enough to be confirmed by this Committee and the Senate, I pledge to make myself available to personally work with you on all the challenges that confronts us jointly as we go forward in the future.

I believe it was my destiny that brought me to this point, as I did not seek this opportunity. But with your support, and God's help, I promise I will not let you down.

In closing, I would very much like to thank you my family, my friends, and, most importantly, my wife, Denise, for their support of my decision to take on this assignment in public service. Again, I'm honored to be here. I'm proud of having the opportunity to serve the President, the Secretary of Commerce, and this Senatorial Committee, as well as the American manufacturers. Mostly,

I'm proud to be an American and play a small role in serving our great country.

I thank you.

[The prepared statement and biographical information of Mr. Frink follow:]

PREPARED STATEMENT OF ALBERT FRINK, NOMINEE TO BE ASSISTANT SECRETARY OF COMMERCE FOR MANUFACTURING AND SERVICES, DEPARTMENT OF COMMERCE

I would like to first begin by stating that I am profoundly aware that the U.S. Senate's constitutional responsibility to give its advice and consent to Presidential nominations is one of its most important responsibilities. As such, a Presidential nomination is one of the highest honors bestowed on an American. I am very honored.

Chairman McCain, Senator Hollings, and distinguished Members of the Committee, I am humbled and very proud to have this opportunity to come before you today. I wish to thank the President for nominating me to be the first Assistant Secretary for Manufacturing and Services and also Secretary Evans for supporting my nomination.

Thank you for giving me the chance to recognize my wife Denise and my family who are here with me today. Denise has been a blessing and a source of strength for me. I have asked her to sell our home and move thousands of miles away from friends, family, and the life we have known. This is a real sacrifice. Thank you, Denise.

I want to summarize briefly my personal and professional background to help you determine how those experiences would affect my approach to the responsibilities of the Assistant Secretary of Commerce for Manufacturing and Services.

It is not my style to talk about myself, so this testimony does not come easy. I am a man of business and industry, not of politics, having never served in government before. I am pursuing this position as a thank you to this country that has given me so much.

I am a Hispanic immigrant, born in Chihuahua, Mexico. My Spanish mother Blanche Olivares was born in El Paso, Texas. My father, in New Mexico. His father was German Dutch (a Pennsylvania tulip farmer) and his mother was Native American. I was raised in California in a blue-collar environment, and very early on, my father taught me the importance of a strong work ethic, and I have followed his advice. My father also taught me the importance of an extensive formal education. Sadly, I didn't follow that advice, as I left college early to pursue the American Dream.

Having said that, I am convinced that this judgment has driven me to work harder to excel throughout my career. Never the less, the diversity of my somewhat limited formal education with training in tool engineering, mechanical drafting, and electronics, to name a few, has played a major role in my success.

In 1974, along with two partners, and with the help of a small business loan from the SBA, I founded a California carpet manufacturing company. We started with 5 individuals, 3 of us entrepreneurs. We now employ over 400 people. And, in over 30 years, we never experienced any major layoffs. It's been a passion and a privilege to be part of building a successful organization from the ground up that attracted some of the best people in the industry.

Fabrica International is generally ranked as the #1 high-end carpet manufacturer in the United States. Many of the carpets you walk on throughout government offices were manufactured by Fabrica.

I have devoted 30 years to the highly competitive carpet industry in California. This experience also includes over 23 years of international trade experience, thus providing a global perspective. I have also spent over 35 years in merchandising, marketing, and developing successful sales teams. I believe this experience brings with it a practical experience and authenticity and provides me with a keen insight into the needs of the U.S. Manufacturing and Service Sectors.

These experiences have also provided me with an expansive background that's necessary to tackle the complexities of this newly created position.

Our country's ability to create and commercialize new products is unmatched, and that ability has led to unsurpassed economic growth.

As we go forward, if I am fortunate enough to be confirmed by the Committee and the Senate, I pledge to make myself available to personally deal with any and all challenges that confront us jointly in the future.

I believe it was destiny that brought me to this point, as I did not seek this opportunity. With your support and God's help, I will not let you down.

In closing, I would like to thank my family and friends, and most importantly my wife Denise, for their support of my decision to take on this assignment in public service. I am proud to be here. And am proud of having the opportunity to serve President Bush, Secretary of Commerce Don Evan, and this Senatorial Committee. Mostly, I am proud to be an American and to play a small role in serving our great country.

A. BIOGRAPHICAL INFORMATION

1. Name: (Include any former names or nicknames used.): Albert (Al) Allen Frink.
2. Position to which nominated: Assistant Secretary of Commerce for Manufacturing and Services.

3. Date of nomination: Thursday, June 17, 2004.

4. Address: (List current place of residence and office addresses.)

Residence: Information not released to the public.

Office: Fabrica International, 2801 Pullman Street, Santa Ana, CA 92705.

5. Date and place of birth: Chihuahua, Mexico; November 18, 1942.

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

Married—Wife: Denise Lee (Masterson) Frink;

7. Names and ages of children: (Include stepchildren and children from previous marriages.): None.

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

Pasadena City College—1961–1963

Los Angeles City College—1963–1964

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.)

1974–Current:	Executive Vice President and Co-Founder Fabrica International, Santa Ana, CA
1973–1974:	Vice President, Sales and Marketing Sunwest 14020 Bolsa Lane, Cerritos, CA
1967–1973:	Director of Sales Continental 2808 S. Vail, City of Commerce, CA
1959–1967:	Manufacturing (of wooden products) and Sales Development (carpet and drapery), Window Merchandising, and Drapery Workroom. Les Burns Sales Pasadena, CA (Part-time through college, full time as of 1965)

10. Government experience: (List any advisory, consultative, honorary or other part-time service or positions with Federal, State, or local governments, other than those listed above. None.

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

Executive Vice President—Fabrica International

Investor Partner—DenRec (real estate position, passive investor)

Investor Partner—Finish Line Investments (an S Corp position: Secretary)

Investor Partner—1 Pelican Hill Road North-L.P. Real Estate Project (passive investor)

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

Lincoln Club—Board Member

Pacific Symphony—Board Member

Orange County Metro YMCA—Board of Directors

Latino Coalition

Hispanic 100

Carpet & Rug Institute—Industry Advisor
 Southern California Floor Covering Association—Club Board & President
 Western Floor Covering Association—Board Member
 National Rifle Association—Supporting Member

13. Political affiliations and activities:

(a) List all offices with a political party which you have held or any public office 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 \$500 or more for the past 10 years.

7/27/2000—\$500—Republican National Committee—RNC

9/7/2000—\$500—California State Republican Party

9/9/2003—\$2,000—Rosario Marin for U.S. Senate Inc.

4/12/2004—\$2,000—Bush-Cheney 2004 Inc.

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

Silver Trumpet Award, the Industry's most prestigious award—Southern California Floor Covering Association

Distinguished Service, Native American Preparatory School (NAPS)

Spirit of Fabrica Award

SBA Hall of Fame 2004 Best of the Best

YMCA Distinguished Service 2004

15. Published writings: (List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.) None.

16. Speeches: Provide the Committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of on topics relevant to the position for which you have been nominated.

SBA Hall of Fame Award Acceptance Speech

17. Selection:

(a) Do you know why you were selected for the position to which you have been nominated by the President?

Yes. My extensive background of 31 years in manufacturing brings with it practical experience and authenticity that will assist in recognizing and hopefully removing the barriers that challenge American manufacturers, as well as the Service Sector.

(b) What in your background or employment experience do you believe affirmatively qualifies you for this particular appointment?

30 years of successful experience in the highly competitive carpet manufacturing sector in California provide a keen insight to the needs of U.S. manufacturers.

Building a successful organization from the ground up, successfully attracting some of the best people in the industry.

This experience also includes over 23 years of international trade experience provides a global perspective.

The diversity of interests and learned skills that have been applied to the development of our business.

My technical education in Mechanical Engineering & Drafting as applies to tool and dye making.

35 years of merchandising, marketing, selling, and developing successful sales teams.

In over 30 years we never experienced any major layoffs.

Fabrica International is generally ranked as the #1 top quality carpet manufacturer in the United States.

These experiences have provided me with an expansive background necessary to tackle the complexities of the newly created position of Assistant Secretary of Manufacturing and Services.

B. FUTURE EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, business associations, or business organizations if you are confirmed by the Senate?

Yes, with the exception of my DenBec passive investor partnership in real estate. I will resign as secretary of Finish Line, a small investment holding company.

I will remain a passive real estate investment partner in 1 Pelican Hill Road North L.P.

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, please explain. None.

3. Do you have any plans, commitments, or agreements after completing government service to resume employment, affiliation, or practice with your previous employer, business firm, association, or organization? None.

4. Has anybody made a commitment to employ your services in any capacity after you leave government service? None.

5. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable? Yes, I do!

C. POTENTIAL CONFLICTS OF INTEREST

1. Describe all financial arrangements, deferred compensation agreements, and other continuing dealings with business associates, clients, or customers. None.

2. 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.

3. 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. None.

4. 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. None.

5. Explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items. (Please provide a copy of any trust or other agreements.) Not Applicable.

6. Do you agree to have written opinions provided to the Committee by the designated agency ethics officer of the agency to which you are nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position? Yes, I agree.

D. LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, please explain.

I was cleared of a groundless claim. In 2000 along with others in my company, I was the subject of a discharged female employee's complaint of verbal sexual harassment. There was a complete investigation, a documented response, and the complaint was judged as groundless and thereby dismissed.

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

1961	Misdemeanor Misconduct Action	Fine
1972	Reckless Driving	Fine
1979	DUI	Fine
1982	DUI	Fine

3. Have you or any business of which you are or were an officer ever been involved as a party in an administrative agency proceeding or civil litigation? If so, please explain.

Fabrica sued a competing carpet manufacturer in 1981 for copyright infringement that evolved into a trade dress violation, which required extensive litigation. Eventually with overturned jury verdicts, and appeals, etc., we were ultimately vic-

torious. The verdict required this company to remove their copied design products from the marketplace and we settled financial damages out of court.

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, please explain.

1961	Misdemeanor Misconduct Action	Fine
1972	Reckless Driving	Fine
1979	DUI	Fine
1982	DUI	Fine

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

Favorable.

First is my commitment to succeed in this position.

Secondly, it is important to me for the Committee to know how extremely fortunate I feel to have immigrated to this country and to be presented an opportunity to pursue the American Dream. I was planning to resign from my company after 30 years to pursue other interests when this opportunity to serve was presented to me. If I am confirmed, I am committed to put forth my very best efforts and apply every skill I have acquired in over 50 years of working experience (my first job was at 11 years of age). I truly believe there was a reason that this challenge crossed my path at this time.

This appointment also presents me with an opportunity to give back to the country that provided so much opportunity.

Unfavorable: None to my best recollection.

E. RELATIONSHIP WITH COMMITTEE

1. Will you ensure that your department/agency complies with deadlines for information set by congressional committees?

Yes, I will to the best of my ability.

2. Will you ensure that your department/agency does whatever it can to protect congressional witnesses and whistle blowers from reprisal for their testimony and disclosures?

Yes, I will to the best of my ability.

3. Will you cooperate in providing the Committee with requested witnesses, including technical experts and career employees, with firsthand knowledge of matters of interest to the Committee?

Yes, I will to the best of my ability.

4. Please explain how if confirmed, you will review regulations issued by your department/agency, and work closely with Congress, to ensure that such regulations comply with the spirit of the laws passed by Congress.

I do not believe that in my position I will not have regulatory drafting authority, however as Industry brings forward examples of overly burdensome regulations, I view my department as having responsibility to work with other agencies and Congress to address these regulatory issues, especially as it pertains to medium and small size companies.

5. 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, I will.

F. GENERAL QUALIFICATIONS AND VIEWS

1. How does your previous professional experiences and education qualify you for the position for which you have been nominated?

Professional Experience

- My professional lifetime experience includes starting two manufacturing companies—both very successful—in one of the most competitive industries. Both based in California with its higher cost disadvantage over competition in the South.
- 23 years of extensive international business experience, including eight years as a member of the U.S. Textile Advisory Committee.
- I will champion the competitive issues for Manufacturing and Services as a voice of experience.
- I believe my immigrant Hispanic heritage and subsequent business success will provide trust, inspiration, and identity to many minority owned companies.

Education

- Let me begin by stating for the record that my one life regret is not completing my college education, as I ambitiously opted to enter the business sector. Having said that, I am convinced that this unfortunate judgement has driven me to work harder to excel throughout my career.
- Nevertheless, the diversity of my limited formal educational pursuits has played a major role in my success, *i.e.*, mechanical drafting, tool engineering, electronics, civics, English composition and music, and 35 years of business and manufacturing knowledge.

2. Why do you wish to serve in the position for which you have been nominated?

First, I—as much as anyone I know—have benefited from this wonderful country and its opportunities to achieve the American Dream. Secondly, my years of successful experience in the sector I will be serving has prepared me for this challenge. Thirdly, because I believe I can be effective and make a difference.

3. What goals have you established for your first two years in this position, if confirmed?

If confirmed, my initial goal will be to develop an understanding of the people, the department, and the programs that constitute the Department of Commerce.

Following that, I plan to focus my energies to the highest priorities of the over 50 initiatives of the Manufacturers Report.

If confirmed, I will bear responsibility to work with the Secretary of Commerce and the Chief Financial Officer to ensure that proper management and accounting controls are in place. Together we will be responsible for preparing an annual accountability report which groups together in one place all legislated financial management reports.

Develop an infrastructure that will serve the next incoming Secretary.

While the above is in process, I will begin addressing the over the many American manufacturing initiatives, along with the President's 6 Point Plan for the economy.

It is important to state that I will be focusing on the *highest priorities* of the Administration, Congress, and the Manufacturing Council's recommendations.

Although the Manufacturing Sector represents the highest priority in terms of focus, the Service Sector still represents the largest component of the U.S. economy at approximately 75 percent of the Private Sector CDP, and supporting approximately 86 million jobs, I will work closely with DAS Douglas Baker to accomplish the following their major issues/initiatives:

- Travel and Tourism Promotional Campaign
- U.S./Japan Tourism Export Expansion Initiative
- Integrity of the Statistical Infrastructure for the Tourism Industry

4. What skills do you believe you may be lacking which may be necessary to successfully carry out this position? What steps can be taken to obtain those skills?

Formal academic financial and economic, which I will counter by surrounding myself, as I have in the Private Sector, with the most capable people to assist making me effective.

Also, I do not have experience serving in the government, but I will apply my best efforts to acquire the knowledge throughout the confirmation process and in the early months of my service.

5. Please discuss your philosophical views on the role of government. Include a discussion of when you believe the government should involve itself in the private sector, when society's problems should be left to the private sector, and what standards should be used to determine when a government program is no longer necessary.

I believe that the United States government is charged with the responsibilities defined within the Constitution, such as, but not limited to, national defense, the safety of U.S. citizens, supporting an economic system conducive to the growth of the U.S. economy, and managing foreign policy. Government is also responsible for supporting American business in the global marketplace, supporting and monitoring fundamental research to preserve the health and technical advancement of our society. The government should also be responsible for managing our natural resources and protecting our environment.

Specifically, with respect to activities in the Department of Commerce, government should play the role of encouraging the great American economic system to operate at full efficiency to the benefit of all citizens. Government regulation should provide appropriate limits on private sector activity but should be utilized sparingly. Environmental standards, workplace safety, anticompetitive behavior, proper financial reporting, and the like should be governed by appropriate regulatory standards.

Such regulation should ensure the safety, fair treatment, and sense of well being for all U.S. citizens. I believe it is also important that all regulations be constructed and updated so as to recognize the tremendous changes that have occurred and are likely to occur in society at large. For example, many of our regulations and laws were developed at a time when American commerce dominated the world. With rare exception, such domination no longer exists. Global competition dominates the world landscape and U.S. regulations and laws should recognize that. Similarly, the rapid speed of technological change is breathtaking in speed and grandeur. Legislation and regulation will be hard pressed to keep pace, but every effort must be made to do so.

When should society's problems be left to the private sector?

To the extent possible, the U.S. regulation and law should not stifle creativity and innovation nor over regulate the development of new products. Innovation is an American trait that is unsurpassed globally. Over regulation and legislation can only serve to compromise that process and should be administered sparingly.

6. Describe the current mission, major programs, and major operational objectives of the department/agency to which you have been nominated.

As Assistant Secretary of Commerce for Manufacturing and Services, my primary mission will be to advance the interests of U.S. manufacturing and service industries and their workers.

To fulfill my mission programmatically, I would insure that the industry sector agencies are responsive to the needs of industry for domestic and international needs.

7. What do you believe to be the top three challenges facing the department/agency and why?

1. Establishing an efficient structure that will insure success and provide an organizational base for the future of this Department/Agency.

2. Working with the Administration and Congress to effectively remove barriers that will help unleash the potential of America's manufacturing might, and create skilled, well compensated, job opportunities.

3. Reach out and stay in contact with the industry to understand the evolving challenges to U.S. competitiveness to insure timely response by policy makers.

8. In reference to question number six, what factors in your opinion have kept the department/agency from achieving its missions over the past several years?

This is a newly created division with no prior reference to its achievements.

9. Who are the stakeholders in the work of this department/agency?

At the end of the day the American citizens, the government, and all of its departments/agencies are the intermediaries or representative stakeholders.

10. What is the proper relationship between the position to which you have been nominated, and the stakeholders identified in question number nine?

As Assistant Secretary of Commerce for Manufacturing and Services, I am responsible first to the Secretary of Commerce and with him to all American citizens, and then intermediaries or representative stakeholders. First, we are responsible to the President and the Executive Branch of the Federal government for implementing the President's policies to the best of our ability. Second, we are responsible to Congress and its various committees from whom we receive financial support and legislative requirements and to whom we are obliged to report our progress and to respond to suggestions and criticisms.

11. The Chief Financial Officers Act requires all government departments and agencies to develop sound financial management practices.

(1) What do you believe are your responsibilities, if confirmed, to ensure that your department/agency has proper management and accounting controls?

If confirmed, I will bear responsibility to work with the Secretary of Commerce and the Chief Financial Officer to ensure that proper management and accounting controls are in place. Together we will be responsible for preparing an annual accountability report which groups together in one place all legislated financial management reports.

(2) What experience do you have in managing a large organization?

None, other than my experience at Fabrica International. However, with few exceptions, I believe the same management principles apply regardless of scale.

12. The Government Performance and Results Act requires all government departments and agencies to identify measurable performance goals and to report to Congress on their success in achieving these goals.

(1) What benefits, if any, do you see in identifying performance goals and reporting on progress in achieving those goals?

If you are an achiever, goals are essential to drive progress that leads to success. People perform at their best when they know the vision and mission of their position and that the success of that vision/mission is dependent on all the individuals that drive the progress.

(2) What steps should Congress consider taking when a department/agency fails to achieve its performance goals? Should these steps include the elimination, privatization, downsizing, or consolidation of departments and/or programs?

Replace responsible party or parties. Analyze cause of failure. The government should evaluate and determine if the goals were realistic and achievable. Was there sufficient infrastructure in place? Determine if there was leadership failure.

(3) What performance goals do you believe should be applicable to your personal performance, if confirmed?

It is my goal that my performance will be viewed as having performed to the expectation of bringing private sector experience to this position in an ethical, inclusive, results-oriented manner of performance.

13. Please describe your philosophy of supervisor/employee relationships. Generally, what supervisory model do you follow? Have any employee complaints been brought against you?

I follow the model standard that has serve me well throughout my career

Lead by example

Bring passion to the tasks at hand

Exhibit a strong work ethic

I believe in establishing attainable goals. Assign responsibility, teach people to take ownership, do not micro-manage, measure progress, reward results.

To the best of my knowledge, I am not aware of any complaints beyond the one previously mentioned of which I was cleared.

14. Describe your working relationship, if any, with the Congress. Does your professional experience include working with committees of Congress? If yes, please explain.

I have had no prior working relationship with Congress or its committees.

15. Please explain what you believe to be the proper relationship between yourself, if confirmed, and the Inspector General of your department/agency.

The Inspector General, as I understand it, has a role of investigating any instances of fraud, waste and abuse that are thought to exist within the Department. The Inspector General then has an obligation to report his/her findings to the Secretary and to Congress.

I hope to develop a relationship of trust with the Inspector General of the Commerce Department so that he/she would communicate frequently and freely with the Secretary's office to effect prompt remedial action, if warranted.

16. In the areas under the department/agency's jurisdiction to which you have been nominated, what legislative action(s) should Congress consider as priorities? Please state your personal views.

Some priorities are: Competitiveness such as litigation reform, health care reform, energy reform,

The full details of needed reforms can be found in the Manufacturing in America report released by the Department of Commerce in January 2004.

17. Within your area of control, will you pledge to develop and implement a system that allocates discretionary spending in an open manner through a set of fair and objective established criteria? If yes, please explain what steps you intend to take and a time frame for their implementation. If not, please explain why.

As I understand, the bulk of the budget for my position will be assigned to overhead. The discretionary funds are to advance the policy objective of my office to support the work of the Commerce Department on behalf of the Manufacturing and Service Sectors, of their industries, and the newly created function of providing industry analysis support for sound policy making.

The CHAIRMAN. Thank you, sir.

Senator Wyden?

Senator WYDEN. Thank you, Mr. Chairman.

Let me begin with you, Admiral Stone. My colleague, Senator Dorgan, is here, and he and I have teamed up on the butane light-er issue, so I think I'm going to let him start with that.

But let me, if I might, begin with the CAPPS-2 program, because obviously this is a program that will touch the lives of millions of Americans. After a year of pretty pointed questions that I have been asking your agency, I received, today, and I'll just quote, "At this point, the proposal for aviation passenger pre-screening is being reshaped." I asked a variety of questions, and that was your response. So, for all practical purposes, it sounds like you all are back to the drawing board with respect to the proposal. And I think I'd like to begin by having you tell us, at this point, what, in your mind, is this program going to do? And what, in your mind, is this program not going to do? Because that, I think, is what people want to know from you.

Admiral STONE. Yes. The CAPPS-2 program, indeed, is, right now, undergoing a reshaping. It is not going forward as previously briefed. Previously, CAPPS-2 has been briefed that it would have four pillars. The first pillar would be a verification of IDPs, where we would bounce the name off a commercial data base. The second pillar would be, we would take that name and run it against the Terrorist Screening Center data bases to see if it matched a terrorist list. And then the third pillar was going to be a risk assessment, in which we would develop algorithms to determine the degree of risk, so that we could then make a determination on a selectee at the checkpoint.

Currently, at today's airports, under CAPPS-1, roughly 16 percent of the traveling public is selected to go to secondary screening and be wanded and have that type of additional layered screening. CAPPS-2 is envisioned of being able to reduce that to about 5 or 6 percent, and that would be done by this Risk Assessment Algorithm, which is the third pillar. And then the fourth pillar was going to be a database of those that are wanted for violent crime, outstanding wants and warrants.

As a result of a GAO report on privacy, as well as our own concerns over privacy, to make sure that we had in place all of those things that have to do with what is first and foremost for the Department, under Secretary Ridge's vision statement, which reads, "Preserving our freedoms, protecting America, we secure our homeland"—the first phrase being "preserving our freedoms—the Department and TSA feel very strongly that we should not move forward on any program that in any way infringes on the preserving of our freedoms. That's first and foremost.

And so, thus, this effort to reshape and repackage and look at CAPPS-2 to find out what we should be doing there so that we can, one, enhance security—

Senator WYDEN. What are—because I know that my time's short—

Admiral STONE. Yes, sir.

Senator WYDEN.—what are the major aspects of this reshaping program? You've described what the program used to consist of. What are the major aspects of the reshaping that are now taking place?

Admiral STONE. Right now, what the major aspects are, to look at those four pillars and find out which one of those pillars needs to either be curtailed or eliminated, and then the program still result in an enhancement of security and an improvement of

throughput at our Nation's airports to reduce the number of secondary screenings. So those are the two initiatives that this repackaging and reshaping are focused on.

Senator WYDEN. Well, are you, for example, changing the risk-assessment portion of the process?

Admiral STONE. All four of those pillars are being revisited to be reshaped to see what works best.

Senator WYDEN. When do you expect that this will be completed? Because I think this has been, sort of, like the marquee at the old movie house, "Coming Soon," and then it just kind of never gets there. And people, at this point, want to know, with some predictability, when this is going to be operational.

Admiral STONE. Well, there is a sense of urgency on this issue to get it repackaged and reshaped. I would anticipate, here in the coming weeks, we'll have some sort of decision here within the Department on how to move forward with a program that both enhances security over CAPPS-1, as well as it enhances the throughput at the checkpoints.

Senator WYDEN. So given the fact that this is a fundamental reshaping, you would put it back in the Federal notice—in the Federal Register sometime in the next few months?

Admiral STONE. It would depend on what the reshaping looks like and what those requirements are, but we'll certainly—the focus it, as it should be, is preserving our freedoms and privacy, and, thus, a number of other initiatives that we've undertaken at TSA along the privacy front—hiring a privacy officer, inculcating Privacy Act training for all people in the field and at headquarters—that preserving of freedom—

Senator WYDEN. What do you think the public deserves here? The frustration in the past has primarily been that people have been given these, sort of, general statements of goals, which you have outlined again this afternoon. Nobody objects to the goals. Everybody wants to make sure that terrorists don't get on airplanes, and everybody wants to be sensitive to freedoms. But we've got to have more than goals. What do you think that the public deserves in this area?

Admiral STONE. I think, first and foremost, they deserve a program that is thoughtfully reviewed to ensure that privacy and preserving of freedoms is not trampled on, and that's exactly what we're doing. We're making sure that we're very careful, as we should be, about looking at this and making sure that it's reshaped and repackaged with that to be first and foremost.

And then what's the expectation the public should have is a system that's better than CAPPS-1, that brings it within the government—currently, that is handled by the airlines, so there's a degree of additional security that should be enhanced by CAPPS-2—and also a system that reduces the number of people that are looked at. Right now, with 16 percent of folks being looked at for secondary screening, that's too high a number.

So a thoughtful program which gets at improved ID, also enhancement of security, and then reduction of number of people looked at, I think, is the end state that we'll see in the product that's delivered.

Senator WYDEN. My time is up. I just hope that you do a better job of explaining it to people. You don't need to go through these complicated risk-assessment formulas, but the public does have a right to have some sense of how this program is going to work, and they didn't have that in the past.

Also, because my colleague, Senator Dorgan, is going to ask about it, we very much want to see you review this question of the butane lighters. We know you're looking at the prohibited items list, but certainly Robert Reid provided a wake-up call for the kind of policy Senator Dorgan and I want, and I hope we'll see it under your leadership.

I thank you.

Admiral STONE. Thank you, Senator.

The CHAIRMAN. Senator Wyden, we'd be glad to have a second round if you'd like.

Senator Lautenberg?

Senator LAUTENBERG. Thanks.

Admiral Stone, we've been looking now, for some time, over the manifest of the exodus of the Saudi Arabian citizens from the United States after—immediately after 9/11. And while inquiring about the circumstances of the airlift, my staff was told that TSA would have to approve the release of any information in the hands of airports and fixed-base operators. But this event happened substantially before the formation of TSA, and didn't involve matters of current national security. What exactly is TSA's role in clearing information concerning the Saudi airlift?

Admiral STONE. It's my understanding we have a joint responsibility, some of that material residing within the FAA organization. And so depending on what the particular item is, it might fall under the purview of FAA or TSA. Our job is to review that and find out what the legitimacy of the request is, and then act on it.

Senator LAUTENBERG. Yes, well, what we'd like to find out, very simply, is, How is it that these people were permitted to go out of the country—many of them with the name bin Laden, and one of them in particular as the sponsor of an organization that had, according to FBI reports, significant terrorist connections and, you know, in an investigation of a crime, and we haven't ever seen one worse or as big in America as 9/11—why is it that these people were released, at the time that they were, to go ahead and leave the country? And it's a bothersome thing, and we don't seem to be able to get any answers. So I'd appreciate it if you would look into that fairly promptly and let us know what's happening.

Now, in your statement, you talked about your chairing a review of the intelligence assembled of the previous days, and you say, "We coordinate intelligence threats and risk assessments." Do you share it with airports? Who does the information get shared with, principally?

Admiral STONE. We share it with all of—what we call stakeholders, all those that have an interest in the six modes of transportation that we, as the sector lead for transportation, deal with—so highway, mass transit, rail, pipeline, aviation, maritime. We share with those folks. We send it out that day if it pertains to a particular sector. And there are different ways in which we do that. If it has to do with the airlines, we'll send that through our prin-

cial security inspectors directly to the airlines. If it has to do with—those that have to do with the maritime arena, we'll coordinate it through the Coast Guard to ensure it gets disseminated properly.

We also hold a weekly teleconference, which I chair, with all six stakeholder groups from all those modes, in which we provide an update, intelligence assessment. Also, we have public education initiatives, any advances in—

Senator LAUTENBERG. So the airports are current with the information that you have, and they're included in the security standing that we have, at the highest levels.

Admiral STONE. Yes, sir, we send it both through the AAAE/ACI organizations for dissemination, as well as to our Federal security directors at the airports.

Senator LAUTENBERG. I wonder if you could comment on the effectiveness of the color-coded homeland security assessment system? There was a report due to Congress 7 months ago this week, alerting the public in a safe and instructive manner to the threats so that we're not all just terrorized by information. And I'm worried about the fact that DHS is not taking the issue seriously enough in a review of what it is that goes into the color coding and how do we deal with it. You know, it's not specific enough that it relieves people of worry, but it is broad enough to scare the devil out of them. And I would hope that we can get something better. We heard from Secretary Ridge last week, in a private briefing reserved for Senators, and then we heard Secretary Ridge, in the afternoon, describe what went on at the meeting, and I'm not sure where we come out with these alert problems, but they have to be looked at and defined more clearly, I think.

Admiral STONE. Yes, sir. And I think the direction we're headed, as reflected last February, late January, when the rest of the country went from orange to yellow, we kept a number of airports at a higher tailored orange level, and that's been—when we deal, right now, with future—if we were to go to a higher threat level, what we've done, instead of having an airport, like Des Moines, go to the same orange measures that LAX goes to, what we're working right now is to have that tailored for each particular airport, based on the Federal security director partnering with the airport and the local officials. So the direction, certainly TSA, under the Department's direction, is headed is to go to tailored responses in every opportunity we can.

Senator LAUTENBERG. I'm reminded that the data that we got about this organization, this WAMY, which is the World Muslim Organization—Youth Organization, the information that we had was not directly from an FBI report, but referring more to media reports that one of the principals, carrying a bin Laden name, was very much involved with the organizations—the terrorist organization Hamas, as well as the others.

And I close, Mr. Chairman. Mr. Frink, you've got an important post that you've been appointed to. We want you to do well. What would you describe as the principal thing that you would do to spur the manufacturing economy in the country?

Mr. FRINK. First, speaking to Chairman McCain, it is a daunting task that's before me. I think the initial effort is going to be to

get—well, first of all, it has to be a main advocate for manufacturing, a spokesman. The manufacturing sector has never had a lead spokesman for their cause. I hope to begin that process.

Senator LAUTENBERG. What would you do, specifically, if I may ask? What would—how would that induce the manufacturing sector? Do you think, kind of, leading the cheer, or is there more to it than that?

Mr. FRINK. Well, I think leading the cheer is important; however, I think there has got to be a beef there, too, and not just sizzle. And I think, to that end, I'm going to be working closely with all of the advocates of manufacturing. There are associations that have been the voice of manufacturing, and they have issues that they've tabled that have been considered, some of the barriers that are in place for—in terms of the manufacturing, having to deal with that. There's going to be an effort immediately to work on the initiatives that have been established by a committee that has gone around the country, made 20 visits to manufacturing sites to hear, get feedback. And one of my first obligations will be to work on those initiatives, which are exactly—speaking to what your question is, it's going to—they're going to be addressing the multitude of issues that are in place, some of which is reducing the cost of healthcare, tort reform, areas such as that. There is just—there are, like, over 50 tasks on the table to help manufacturers become competitive.

I think the overriding, or under-riding, message is to make America the most competitive place to do business. And as industry flourishes, jobs and everything else goes with it.

Senator LAUTENBERG. Thank you.

The CHAIRMAN. Senator Dorgan?

**STATEMENT OF HON. BYRON L. DORGAN,
U.S. SENATOR FROM NORTH DAKOTA**

Senator DORGAN. Mr. Chairman, thank you very much.

First, let me say I intend to support the nomination of both of you, and I think you're—

Mr. FRINK. Thank you.

Senator DORGAN.—you are men of considerable talent, and I appreciate your willingness to serve our country.

I didn't come so much to ask questions, because there's seldom an opportunity to talk to you once you're confirmed. And I know you'll answer your phone calls, but I want to make a couple of comments, because both of you assume responsibilities that are significant.

Mr. Stone, first, with respect to you, I want to show a couple of charts. I don't know where the charts—oh, there they are. That's with respect to the butane lighter issue that Mr. Wyden raised. As you know, the rule was changed from being silent on allowing butane lighters on airplanes to affirmatively saying you can take two butane lighters and four books of matches on an airplane. This says, Air Safety Week. It had—Richard Reid had a—the shoe-bomber—he attempted to ignite the bomb with a smokeless, odorless butane lighter. Had he done that, rather than matches, which called it to the attention of other passengers, that 767 may well have been blown out of the sky. The FBI, in fact, said that. The FBI said, had he had a butane lighter—and here is the direct

quote, this is from the FBI—"The belief is now that if he had had a lighter and not a match, the thing would have detonated." So, so much for butane lighters on airplanes. And yet that is the current rule.

Here is a story about a Delta Airlines flight from Los Angeles to New York diverted to Salt Lake City after a man with a butane lighter alarmed flight officials. Here's a—Qantas Jet police recovered an aerosol can and a cigarette lighter. They suspect the assailant intended to use them as a flame thrower to disable pilots once he got in the cockpit.

I'm telling you, I think it is nuts to have two butane lighters and four books of matches go on an airplane, especially when we've just been warned that terrorists, potential terrorists, want to use stuffed dolls or stuffed pillows with incendiary devices. And the response Senator Wyden and I got from TSA, it said that many individuals carry lighters that of great personal value or sentiment. I mean, I don't know of anybody that's sentimentally attached to a BIC lighter.

[Laughter.]

Senator DORGAN. But this is about serious issues dealing with homeland security and air safety. And Senator Wyden and I will both be talking to you, but I didn't want to miss the opportunity to talk to you about that now.

Admiral STONE. Yes, sir.

Senator DORGAN. One other point. My colleague, Senator Lautenberg, raised an issue that I think the public has been dis-served on, with respect to press inquiry and others, I might say, and that is the six secret flights that left Boston with 142 passengers, 30 of whom were questioned. The number two person of the FBI says no one—no one—was subject to serious interrogation.

There were 26 bin Laden family members; among them, Abdullah bin Laden, a cousin of Osama bin Laden. And, incidentally, he was of notice to the FBI, and they didn't want him to leave.

Mr. Richard Clarke said, "Well, the request to have these folks leave on six secret charter flights was approved at the highest levels." He said he wasn't sure who. Now, this is testimony before the Judiciary Committee, "I'm not sure who, but it was either the Chief of Staff of the White House, or the State Department."

And then he testified, under oath, before the 9/11 Committee, and he said, "Well, I actually approved it, but only after the FBI approved the flights and authorized the flights."

The FBI then said publicly, "We did no such thing. We didn't authorize the flights."

Mr. Clarke said, "And, by the way, they—all the passengers were cleared."

The FBI, the head of counterterrorism, says, "No such thing happened. In fact, only 30 were questioned, and, of them, there were no serious interrogations."

And we know at least two of them, at this point, that were of interest to the FBI and had ties to terrorists, or potential ties to terrorists.

And the 9/11 Commission says something that's very interesting, because they're parsing this, as everyone else is. The question is,

did any of these people have ties to the 9/11 terrorist incident? “Don’t know.”

But the broader question is, Did any of them have ties to terrorists groups or the financing of terrorist groups here or anywhere around the world? That’s the question. And no one is seriously investigating it.

And so I did not know my colleague from New Jersey was trying to get the passenger manifest list, but they ought to be made available. And if—let me add my name to his request, and you will soon receive from me a request for all of the passenger manifest list, as well, because there ought to be accountability for that.

Now, thank you, that’s therapeutic for me to say that to you, Mr. Stone, and you—I wish you well in your job. Your job is an important job, and I want you to succeed, because if you succeed, we will succeed in this country in safeguarding the lives of the American people.

Mr. Frink, let me say this to you. We have a \$470 billion trade deficit. And I want you to succeed, as well. But you won’t succeed on healthcare and, you know, lawsuit issues. That wouldn’t have saved Huffy Bicycles. They were paying \$11 in Ohio to good workers, and they’re now paying 33 cents an hour to Chinese workers to make Huffy Bicycles. They work them 7 days a week, 12 to 14 hours a day. And the reason Huffy left this country was because of that. It wasn’t about all these other issues. The little red wagon, the Radio Flyer, 100 years it was in America, and it is now being produced in China.

Now, the question is, Are we going to be serious about standing up and insisting on fair trade requirements?

And I want to mention one issue to you—if I have time, Mr. Chairman. We just did a bilateral trade agreement with the Chinese 2 years ago—and I’ll bet most in this room don’t know this—our trade negotiator agreed with the Chinese, a country with whom we had a \$130 billion trade deficit—our negotiator agreed with them that, after a phase-in, if there is automobile trade going back and forth between the U.S. and China, we would agree that they could have a 25 percent tariff on U.S. automobiles sold in China, and we would have a two-and-a-half percent tariff on Chinese automobiles sold in the U.S.—a country with whom we have a giant trade deficit. Our negotiator said, “I’ll tell you what, China, you’re welcome to put a tariff that is ten times higher on U.S. cars that we intend to sell in China than we would put in Chinese cars we want to sell in the U.S.” Unbelievable. I don’t know who did it. I’d like to find their name.

But the first step, it seems to me, in dealing with the manufacturing sector and dealing with trade and the Commerce Department, is to stand up for American producers and demand fair trade. Demand fair trade. I’m not suggesting you be a protectionist. I’m not suggesting building walls. But I’m flat sick and tired of seeing giant trade deficits that come in bilateral relationships between us and Korea—yes, us and Japan, us and China, us and Europe. I’m sick and tired of seeing it happen, because our producers are disadvantages, and our employees are disadvantaged, because of the rules of trade. And I’m telling you, there’s a lot of it going on.

So I'm going to support your nomination. And I came to talk to both of you about it, only because I just feel strongly about both of these areas. And I want you both to succeed.

But especially on international trade, Mr. Frink, all we hear up here is chanting and a mantra. We've been hearing that for years. The trade deficit goes up and up and up and up. And you can make a case that the fiscal policy budget is a deficit we will repay to ourselves. You can't make that with a foreign trade policy deficit. Our trade deficit is a deficit that we will repay ultimately with a lower standard of living in the United States. It is dangerous, and we must get our hands around it and deal with it.

So, Mr. Chairman, I thank you for allowing me to vent just a minute with respect to these two nominees, but, as I said when I started, I intend to support their nominations because I think they are men of considerable talent, and I wish them well.

The CHAIRMAN. Well, I think they—if they'd like, they'd have an opportunity to respond, beginning with you, Admiral.

Admiral STONE. Yes, sir. TSA fully intends—and I intend, personally—to review the issue related to the lighters and the matches, and to make a risk assessment on that, based on the criticality of the assets that we have, the vulnerability that was mentioned here, as well as the overall dynamic here of making a risk-based decision on what should and should not be a prohibited item. And so I pledge to take that on and report back to you.

Thank you, sir.

The CHAIRMAN. Mr. Frink?

Mr. FRINK. First of all, thank you very much for your support. I will absolutely do my best not to let you down.

I come from the private sector. We've done business in foreign countries for 20 years. I take a considerable amount of pride that a company our size reached into an international market when it was not really that common for especially a company our size. I, many times, when working opportunities around the world, I have—I always wished that all the barriers for trade were down, because I felt we needed to have an even playing field.

I truly believe what I have been taught in the short time in working with the Department of Commerce, is that the President and the Department are all on the same page with regard to wanting to level the playing field. I believe passionately to enforcing the laws that are in place, and I would support every effort to do that. I think that any foreign companies that do not play by the rules should be dealt with in a very firm manner in relation to their not staying within the guidelines of a fair arrangement.

As I went around the world and did business, I have found that part of our success—a great part of our success—was raising the level of our value, rather than expecting any areas to help us.

I'm very much a believer in branding. We built a brand name for our company, and the branding actually became a strong aspect of our success. People were paying more to do business with us. So, whereas, in some cases, maybe I would have liked to have worked the tariffs down, and some of the barriers, I didn't that option, so I worked at building our reputation, built a name where we have done projects in—I think we've done projects overseas to the tune of a million dollars, and they paid more for our—in our world, car-

pet is sold by the yard; in their world, it's sold by the meter—some places have said they've paid more for our carpet per meter than they in their land cost. And I think that's been a byproduct of just the success in building our brand identity.

Some companies don't have that in place, and need an advocate to help them succeed. I won't shirk that responsibility. I'll do everything I can. And, with your guidance and your help, there's—you probably have some passionate reasons or beliefs that you have with regard to leveling that playing field—I hope to be an advocate for your views, as well.

The CHAIRMAN. Senator Snowe?

**STATEMENT OF HON. OLYMPIA J. SNOWE,
U.S. SENATOR FROM MAINE**

Senator SNOWE. That was quick, Mr. Chairman.

Thank you, and I certainly intend to support both nominees here today for both very critical and significant positions.

Mr. Frink, let me just start with you, because we've been long awaiting for this position to be filled, and it is an essential position to help and bolster the manufacturing sector of our economy. The manufacturers have been hard hit, and that's certainly in my state of Maine, when we've had, you know, one of the highest percentages of manufacturing job losses in the country over the last few years. And so this position becomes ever more important to have a unified, consistent voice at the highest levels on behalf of the manufacturing sector. And I think you understand that from your own position and your background as a small-business owner.

One of the critical programs that has been beneficial to manufacturers in America has been the Manufacturing Extension Partnership, and, regrettably, it was reduced by more than half over this last year, in the funding process. What is your position with respect to this program, and how do you expect to address it in the future, with respect to the funding of this program? Because I have to say, I was extremely disappointed that we lost this critical funding, that it's been reduced from \$109 million to \$39 million. And hopefully we can reverse that course for the next fiscal year. But it has been a vastly successful program for manufacturers. So can you tell me what your position is and what your views are on this program?

Mr. FRINK. Yes, Senator. I have not heard anyone say anything but good words about the Manufacturers Extension Program. It seems to have unilateral support. In short, it's working, it's helping a lot of manufacturers. And I don't—with regard to budgeting and why it has been affected accordingly, I don't have that knowledge and answer. I do know that—I'm assuming, I guess, to some degree, that there were cuts made across the board, and that may have been one that was in that category.

What I would say, though, is, from a business perspective, you make business decisions under a guise or a policy of what we used to—what we call, our company, limited bullets. If you have so many dollars to spend or so much ammunition, you put them where they'll do the most good. And what I will be doing is working to understand what all of the benefits of MEP and trying to make—push decisions that—in the area where the greatest results

are achieved. That's if I'm—if there is limited dollars for me to work with, then you make what you have more effective.

But from what—I think, in the spirit of your question, I think it's—from what I can see, it's a wonderful program, and I hope that it continues to render results that I can support.

Senator SNOWE. Well, you know, it's interesting—and I will obviously want to talk to you further in the future about this program, because I do believe that we need to reverse, you know, this inadequate funding for this program, because, by all accounts, it has been incredibly successful. In fact, a survey that was done by a group in this—in manufacturing, found, in Fiscal Year 2002, that the investment—it was \$106 million in the program—generated \$2.8 billion in increased sales, and retained 35,000 workers, resulting in \$681 million in cost savings, and \$941 million invested in new plants and equipment.

So I do believe that it has tremendous benefits for manufacturers, and has been, you know, a very effective program, across the board, and we need to be able to help our manufacturers, and this is one program to do it, at a time in which, you know, we've made it our priority. I mean, hence, this position that has been newly created that you will be serving and paving the way. And so, therefore, it doesn't make any sense to contravene, you know, the direction of placing manufacturing as the highest priority by undercutting this particularly effective program. So I hope we can work in the future on this, because I do believe that it is a program that needs to be funded, at least to the level that was provided for in the past, of \$106 million.

I want to—one other issue; there are many, but I won't—but one of which I do want to get into—is the issue of China, which obviously—China's trade deficits and the trade barriers that have been established, its unwillingness, inability, or whatever the case may be, to comply with the requirements and the commitments that China made to be a member of the World Trade Organization has had tremendous effects on our manufacturing sector in Maine and throughout the country. And we recently, the Commission—there was a Commission that studied, for example, the exchange rate, as we know, that China has been controlling, the value of their currency, vis-à-vis our dollar. What's your view on this subject? And what types of actions do you think that we should be taking, or could be taking in the future, to persuade China to live by its commitments in the WTO?

Mr. FRINK. Well, as I said earlier, I truly believe that we should—that I will be an advocate of enforcing all of the rules that are in place, and holding anybody accountable to an agreement that they've made. That's just what I've been about all of my life, and how we've done business.

As to what—how I would assess their—how they have dealt with us in relation to the WTO, I think, as my company—it was a week ago I was in the private sector, and at my desk trying to figure out how to sell more carpet.

[Laughter.]

Mr. FRINK. And there's so much for me to learn, but I am a quick study, and I will have a better answer for you on that as I get more up to speed. If there is issues there—I do have extensive experience

in international trade. I've felt the pain of dealing with the obstacles of international. I think you will find that, to the degree of my capability, I will be a very strong advocate to level the playing field and holding our partners accountable to applying many of the same rules they apply to us.

Senator SNOWE. Well, I appreciate that, and I certainly will be looking forward to working with you, because I do think it's important for our government to take strong positions, you know, especially against China, with respect to their, you know, inability to be abiding by the commitments they made. And as an—to become a member of the World Trade organization. It certainly has disadvantaged our workers in our company, and I think the currency undervaluation clearly has undercut our manufacturing sector most especially, and I believe that we need to take strong steps to make sure that China desists in pursuing this—you know, artificially contriving their currency value. I mean, I think that that is critically important.

So I hope that we will be able to work on these issues and to evaluate exactly how, you know, we can address these issues, and currency manipulation is first and foremost. I mean, I think—and I know the President and the Secretary of Commerce and the USTRs have all made strong statements to China in respect to this issue, but I do think that we're going to have to follow up with strong actions, as well.

And I will be looking forward to working with you. And, as Chair of the Small Business Committee, since you were a small-businessman and you used some of the small business programs, I noticed, in your background, and, to great value, you were able to build your company based on those programs, so I'm looking forward to working with you to see how we can further help the small-business manufacturer develop in this country.

Mr. FRINK. I very much look forward to working with you. If it weren't for SBA and the small loan of \$100,000 that got our company started, I literally wouldn't be here today.

Senator SNOWE. Well, I appreciate you saying that, and that's a story that, frankly, I think, isn't, you know, well known, in general, about the value of small-business programs and how much they leverage in job creation in America. And, you know, with the small investments that we make in Federal programs, they really do yield, you know, tremendous benefits with respect to job creation. But I think that's a little-known fact, so the fact that you have had that experience personally and directly and effectively will be very helpful to underscoring their value.

Mr. FRINK. If I may elaborate on that just a touch, I think—as I accepted an award on behalf of our company for an SBA Hall of Fame, Best of the Best, I asked for an opportunity to say that after 30 years I wanted to thank SBA. And not just for the money. That was certainly part of it. It was the 2 year plan that we were forced to put together to show that we could be successful, that three young entrepreneurs certainly had a vision and a sense of how to develop our business. But it was SBA's tough regulations that they laid down before us that created a blueprint, which they monitored—we didn't have a chance to vary from it—so that the lack of discipline or temptations of three young entrepreneurs were kept

in check by the guidelines that SBA put in place. And I absolutely credit that—our success, not just for this money—I would rate the guidelines that were put in place to be as big a factor in our success as anything—and truly say thank you, SBA. So I'm a big advocate.

Senator SNOWE. Well, thank you. A great story. Thank you.

Senator WYDEN [presiding]. I thank my colleague.

Mr. Frink, it dawned on me a few minutes ago, in and the title of your position is Assistant Secretary of Manufacturing and Services for the Department of Commerce, for all practical purposes you will be the manufacturing czar. And I would like to know what you think about outsourcing. And I thought that maybe I'd ask you before Lou Dobbs asks you.

[Laughter.]

Senator WYDEN. Because there are certainly going to be a lot of other people that are going to ask you that question. And I'd like to hear your thoughts on it.

Mr. FRINK. Yes, sir. It's a big hot-button, in terms of manufacturing and why our people, why our companies, outsourcing and not keeping business and jobs here. I think that's one of the things that my new position will require, is to do what I can to create the most competitive environment for American manufacturers so they're encouraged to keep business here wherever possible.

It's difficult in business to tell a manufacturer, or any service business, to not try to lower their costs. Intuitively, they're doing their job when they try to do whatever they can to lower their costs and make more money. Hopefully, that money won't be just put in fat pockets; it'll be spent to expand businesses, create new divisions that will hire more people, so it has a—it has somewhat of a snowballing effect.

I do know that insourcing—kind of playing the other side of the coin—where we have business putting its work outside of borders of our country at the same time we have gained so much from other manufacturers in other countries who have done that in our country and hired so many Americans. So can we have it both ways to say it's not good for us to do it, but we sure enjoy the benefits of what comes into this country? Somewhere there's a balance that needs to be met, and all I can tell you right now is that I will work very hard to do what I can to make the climate for manufacturing attractive here so that there'll be less temptation or desire for—from an economy standpoint, to go offshore. In principle, as an American, it saddens me that we lose any of that. What made it happen and what can we do to get it back? That's going to be very much part of what I think people are going to expect from me and measure my success.

Senator WYDEN. It is a complicated question, and certainly this matter of setting the climate is a key part of it.

Mr. FRINK. Absolutely.

Senator WYDEN. I come from a part of the world where trade's extraordinarily important. I consider myself—I don't think there are very many people left who even describe themselves as free-traders, and I consider myself one. But I really hope that you will be much bolder and more creative in looking at this outsourcing issue than we've been in the past.

And I want to bounce off you an idea that I proposed recently that's in a piece of legislation; and, granted, it hits you for the first time, but it's on this issue of wages and the fact that the wage differentials are so dramatic between our country and, for example, much of the world. When wage differentials were fairly modest, which they were for years, we could make up the difference essentially through increased productivity. Now our wages can be here, other people's wages are here, and it's not possible to do that.

So, given that, I have proposed in legislation recently that you would immunize management from lawsuits for keeping jobs here in the United States, because I really fear that where we're headed, if something bold isn't done soon, is that corporate management will be sued for not taking jobs overseas. In other words, the argument will be, from stockholders, "Look, management, you're breaching your fiduciary obligations to us, as stockholders, for not taking the plant overseas," and that management, in effect, would get sued in the United States for keeping jobs at home.

What do you think of that idea? I recognize you're hearing it, you know, for the first time, but it's coming, because I think we're going to have to come up with some new ideas. I don't think it's going to be enough to say we've got to hold down healthcare costs and improve education and improve transportation, because I agree with all of that, and those are certainly parts of setting the climate. But I wonder your reaction to the idea that I have just described. And maybe you have some other ideas. Because I think we've got to be a lot more aggressive and a lot bolder on this issue than we've been in the past. First, your reaction on what I've proposed.

Mr. FRINK. If I may just kind of back into a bit by saying, first of all, I think one of my trademarks over the years has been that I am a risk-taker. I think coming here and taking this position certainly falls in that category.

[Laughter.]

Mr. FRINK. I'm not afraid of risk—well, I'm afraid of risk, but it doesn't keep me from taking risks. And I think there has got to be some creative answers. And I love creativity. That's been one of my other strong suits. As I get to know more about how suggestions like your creative one works, I also will want to have enough information to be able to be able to say, well—I'm kind of a subscriber to Newton's law, where every action there's somewhat of an opposite and equal reaction—there may be something that I'm not quite familiar with—and, as a counter to that creative proposal—that I would probably like to get a sense of before I could say, "Great idea."

I think, on the surface of it, it's certainly creative and has merit, and I think I could learn a lot from you. If you have—you seem to enjoy and favor creative answers. I thrive in that environment, and I would very much like to have a chance to learn a little bit more before I can give you the quality of answer that I think that deserves. On the surface, without knowing what other counterpoints are, I think it has some potential merit.

Senator WYDEN. Well, I appreciate that, and understand, when it strikes you cold, you can't start talking about a piece of legislation with specificity.

But I think what we've got to do is, we've got to reward people for keeping jobs at home, and we've got to protect our people who have paid their dues, like you have.

I've literally had people in Oregon come and say, "We are worried about getting sued for keeping the jobs here." And I think that's what we're faced with. I think, if nothing is done, I really do fear the prospect of a company's management, people who have been in a community for years and years, worked hard, paid taxes, played by the rules—I really feel that they're going to have difficulty meeting their fiduciary responsibilities, and I think we ought to be looking to reward those people and protect them. And the fact that you're willing, at least at this point, to make it clear that you're open to new ideas is——

Mr. FRINK. Not just "at this point."

Senator WYDEN. Be ready for Lou Dobbs. He won't be as easy on you as I have been.

[Laughter.]

Senator WYDEN. I intend, as well, to vote for both of you, and I appreciate the way you've handled the hearing. We'll let either of you have the last word. Admiral Stone, Mr. Frink, anybody have anything they want to wrap up with?

Admiral Stone?

Admiral STONE. Just what a privilege it is to be appearing before this Committee, and thank you, sir, for this opportunity.

Senator WYDEN. Mr. Frink?

Mr. FRINK. Yes, sir. I think, again, it's a daunting task. It's one that I don't take lightly. I don't think one man has all the answers and all the solutions. There are so many agencies within the Department that I hope to be able to bring together synergetically to be able to help make the right answers and bring together agencies. As I get more knowledgeable on the agencies and the Department of Commerce, I am more excited about the other bureaus and what they can do to help drive business. And, simply stated, I'm going to give you the best I've got.

Senator WYDEN. Very good.

Gentlemen, the Committee is adjourned.

[Whereupon, at 4:20 p.m., the hearing was adjourned.]

A P P E N D I X

MANUFACTURERS IN SUPPORT OF AL FRINK FOR ASSISTANT SECRETARY FOR MANUFACTURING

Chairman JOHN MCCAIN,
Commerce, Science, and Transportation,
United States Senate,
Washington, DC.

Ranking Member ERNEST HOLLINGS,
Commerce, Science, and Transportation,
United States Senate,
Washington, DC.

Dear Chairman McCain and Ranking Member Hollings:

On behalf of the Nation's manufacturing base, we urge you to support the nomination of Al Frink as Assistant Secretary of Manufacturing and Services at the Department of Commerce and ask you to work with your colleagues to confirm his nomination as soon as possible.

Mr. Frink's background and 30 years of experience in the manufacturing sector give him keen insight into the needs of U.S. manufacturers. In my opinion, he will serve as an outstanding advocate and an important voice for American manufacturers and will work to ensure that government policies do not harm nor neglect the people who make things in America.

As you may know, the Commerce Department's "Manufacturing in America" report released in January outlines the Administration's plan for manufacturing growth and renewal in the United States. The report makes nearly 60 recommendations that will contribute to this goal. Implementation of these recommendations will demonstrably improve the climate for U.S. manufacturers, as well as provide for the long-term growth, job creation, and technological innovation that is needed to guarantee our Nation's future prosperity. However, implementation is unlikely to occur without a person dedicated to representing the interests of manufacturers and our workers.

Mr. Frink will represent the Administration as point person on manufacturing and will focus on ways to help this important sector thrive and compete in the global marketplace. Working closely with the Manufacturing Council, which has already held its first public meeting and is led by former NAM Chairman Don Wainwright, Mr. Frink will no doubt be a strong and effective advocate for manufacturing in the United States.

Once again, we urge you to confirm Mr. Frink as Assistant Secretary of Manufacturing and Services.

Sincerely,

Aluminum Association
American Apparel & Footwear
Association
American Architectural Manufacturers
Association
American Fiber Manufacturers
Association
American Furniture Manufacturers
Association
American Gas Association
American Iron & Steel Institute
American Petroleum Institute
Associated Industries of Kentucky
Associated Industries of Massachusetts
Association of Home Appliance
Manufacturers
Association for Manufacturing
Technology

BEMA, The Baking Industry Suppliers
Association
Book Manufacturers' Institute, Inc.
Carpet & Rug Institute
Colorado Association of Commerce &
Industry
Connecticut Business & Industry
Association
Cookware Manufacturers Association
Copper & Brass Fabricators Council
Council of Industrial Boiler Owners
Edison Electric Institute
Environmental Industry Associations
Fibre Box Association
Forging Industry Association
Georgia Industry Association
Hispanic Business Roundtable
Industrial Fasteners Institute

IPC—Association Connecting Electronics Industries	Packaging Machinery Manufacturers Institute
Kitchen Cabinet Manufacturers Association	Paperboard Packing Council
Latino Coalition	Plumbing Manufacturers Institute
Manufacturers Alliance/MAPI	Precision Machined Products Association
Metals Service Center Institute	Precision Metalforming Association
Metal Treating Institute	San Diego Employers Association, Inc.
Motor & Equipment Manufacturers Association	Steel Plate Fabricators Association
National Association of Manufacturers	Steel Tank Institute
National Association of State Development Agencies	Synthetic Organic Chemical Manufacturers Association
National Electrical Manufacturers Association	Society of Glass & Ceramic Decorators
New Jersey Business & Industry Association	Steel Manufacturers Association
NOFMA: The Wood Flooring Manufacturers Association	Utah Manufacturers Association
Non-Ferrous Founders' Society	Valley Industrial Association of Aurora, IL
Ohio Manufacturers Association	Waste Equipment Technology Association
	Wisconsin Manufacturers & Commerce
	Wood Machinery Manufacturers of America

THE LATINO COALITION
July 11, 2004

Hon. JOHN MCCAIN,
Chairman, Senate Commerce Committee,
United States Senate,
Washington, DC.

Dear Chairman McCain:

On behalf of the Board of Directors of The Latino Coalition, I strongly urge you to support the nomination of Al Frink as Assistant Secretary of Manufacturing and Services at the U.S. Department of Commerce.

There's no doubt that Mr. Frink's extensive and impressive background, and his 30 years of experience in the manufacturing sector will make him a great asset and an effective advocate for the needs of U.S. manufacturers and their workers. We have worked closely with Al throughout the years and let us assure you that there's no stronger advocate for solid growth in our manufacturing sector. He will bring his extensive experience, intelligence and common sense to help implement policies that will guarantee the long-term growth, job creation, and technological innovation that is needed to guarantee our Nation's prosperity.

Al was the co-founder of a successful carpet manufacturing company, Fabrica International, in Orange County, California. He personally embodies the American Dream of a young immigrant who came to this country looking for the opportunity to succeed and ended up founding a very successful manufacturing firm and creating hundreds of jobs in his community. He started this firm with the support of the U.S. Small Business Administration and now has sales of over \$60 million in 2003 and employs over 480 people in a predominantly Hispanic neighborhood.

But aside from his qualifications and knowledge in the field, what impresses us most about him is his commitment to help the most vulnerable in our community. We have witnessed this first-hand. Al's served as chairman of our "Por Mi Futuro" program, designed to help promote savings among our Hispanic youth. Without his leadership, dedication and commitment to improving the lives of low-income children, this program would have never implemented as successful as it has been.

On behalf of Latino business owners and professionals across the country, we urge you to support Al Frink's nomination and work hard to make sure that the Senate confirms him as soon as possible.

Best regards,

ROBERT G. DE POSADA,
President.

AMERICAN IRON AND STEEL INSTITUTE—STEELWORKS

Steel News—Thursday, April 8, 2004

STEEL INDUSTRY VOICES SUPPORT FOR FRINK NOMINATION

Looks to new position for focus on solutions to manufacturing sector's challenges

WASHINGTON, D.C.—American Iron and Steel Institute (AISI) President and CEO Andrew G. Sharkey, III, pledged the steel industry's support today to California manufacturer Al Frink, the newly nominated Assistant Secretary for Manufacturing and Services, and said he looks forward to working with him to shape a pro-manufacturing agenda.

"This is an important step toward beginning to implement the agenda laid out in the Administration's Manufacturing Report," Sharkey said. He said he is also encouraged that nominations have been made for the two top leadership positions on the new Manufacturing Council. Arthur "Don" Wainwright, Chairman and Chief Executive Officer of Wainwright Industries in St. Louis, and a former Chairman of the National Association of Manufacturers, has been nominated as Chairman of the council, and Karen Wright, Chief Executive Officer and owner of Ariel Corporation in Mount Vernon, Ohio, has been nominated as vice-chair.

He said AISI is most concerned about two broad areas of policy which, in his new post, Frink will have responsibility to address: (1) eliminating domestic policies that put U.S. manufacturers at a competitive disadvantage by significantly raising their costs, and (2) pursuing trade policies that will truly level the international playing field—for all manufacturers. Immediate areas for focus, Sharkey said, are the need for a significant revaluation of China's currency, stronger trade laws and trade enforcement, negotiations to fix WTO tax and trade inequities and policies that promote U.S. investment while reducing the burdens of rising health care, energy, litigation and regulatory costs.

Sharkey said AISI and its U.S. member companies are especially looking forward to working with the Commerce Department's new Unfair Trade Task Force, Trade Agreement Enforcement Unit and Office of Industry Analysis. The common goal of these new offices, he said, should be to "support trade and domestic policies that will allow American manufacturers to compete successfully both in the United States and in world markets."

AISI is a non-profit association of North American companies engaged in the iron and steel industry. The Institute serves as the voice of the North American steel industry, speaking out on behalf of its members in the public policy arena and advancing the case for steel in the marketplace as the preferred material of choice. AISI also plays a lead role in the development and application of new steels and steelmaking technology. AISI is comprised of 32 member companies, including integrated and electric furnace steelmakers, and 118 associate and affiliate members who are suppliers to or customers of the steel industry. For more news about steel and its applications, view AISI's website at www.steel.org.

NATIONAL ASSOCIATION OF MANUFACTURERS

NAM APPLAUDS NOMINATION OF AL FRINK TO SERVE AS
ASSISTANT SECRETARY FOR MANUFACTURING

Contact: Hank Cox

Jasinowski Welcomes Don Wainwright as Council Chairman

WASHINGTON, D.C., April 8, 2004—"The Bush Administration's nomination of Al Frink to serve as the first Assistant Secretary of Commerce for Manufacturing and Services is an excellent choice that will be warmly received by manufacturers," said Jerry Jasinowski, President of the National Association of Manufacturers.

An Hispanic-American, Frink is Co-Founder and Executive Vice President of Fabrica International, a manufacturer of carpets and rugs in Orange County, California. Over 32 years, Frink has forged his business into an internationally-recognized leader in the carpet industry. Founded in 1974, Fabrica employs more than 400 people.

"Al is a successful business leader with extensive experience in public policy," Jasinowski said. "He has served on the Commerce Department's Exporters' Textile Advisory Committee, and is a 2004 inductee to the Small Business Administration Hall of Fame. He will be an excellent advocate for U.S. manufacturing."

Jasinowski also welcomed the nomination of Arthur "Don" Wainwright as Chairman of the new Manufacturing Council, and Karen Wright to serve as Vice-Chair. Wainwright is Chairman and Chief Executive Officer of Wainwright Industries in St. Louis, recipient of the 1994 Malcolm Baldrige National Quality Award. He served as Chairman of the NAM 2001–2002, and is a member of the NAM Board of Directors.

Wright is Chief Executive Officer and owner of Ariel Corporation in Mount Vernon, Ohio, which makes gas compressors for refineries, gas fields, pipeline service and gas gathering facilities the world over. Ariel Corporation is a long-time member of the NAM.

"This is a quality team that will do great things to bring government policies more into alignment with manufacturing priorities," Jasinowski said. "The Bush Administration has honored its commitment to make manufacturing a priority and begun to follow through on its policy recommendations issued earlier this year. We look forward to working with Al, Don and Karen as they tackle the tough challenges facing U.S. manufacturers in an increasingly competitive global marketplace."

UNITED STATES SENATE
Washington, DC

STATEMENT OF SENATE DEMOCRATIC LEADER TOM DASCHLE ON THE NOMINATION OF
AL FRINK AS ASSISTANT SECRETARY OF COMMERCE FOR MANUFACTURING

(WASHINGTON, D.C.)—Today, more than seven months after announcing he would create the job, the President has finally found a nominee to become his "Jobs Czar." Senate Democratic Leader Tom Daschle released the following statement.

"I'm glad President Bush has proposed this appointment, but I'm sorry it's taken so long. Our nation desperately needs a new jobs policy. Nearly three million manufacturing jobs have been lost in the last three years.

We're in the longest jobs slump since the Depression. In the seven months it took the Administration to fill this post, another 70,000 manufacturing workers lost their jobs. There should be no higher priority than getting America back to work, and I hope the President will consider supporting some of the constructive proposals we've made to do that."

THE CARPET AND RUG INSTITUTE
Dalton, GA, July 12, 2004

Chairman JOHN MCCAIN,
Commerce, Science, and Transportation,
United States Senate,
Washington, DC.

Ranking Member ERNEST HOLLINGS,
Commerce, Science, and Transportation,
United States Senate,
Washington, DC.

Dear Chairman McCain and Ranking Member Hollings:

On behalf of the carpet and rug industry, I urge you to support the nomination of Al Frink as Assistant Secretary of Manufacturing and Services for the U.S. Department of Commerce.

The Carpet and Rug Institute (CRI) is the national trade association representing the carpet and rug industry. Headquartered in Dalton, Georgia, the Institute's membership consists of manufacturers representing over 98 percent of all carpet produced in the United States and suppliers of raw materials and services to the industry. While the majority of carpet is produced in Georgia, we have a national impact on all segments of the industry such as distributors, retailers, and installers. The carpet industry is the largest manufacturing employer in Georgia and has a \$26B impact on Georgia's economy alone.

Mr. Frink's background and 30 years of experience in the manufacturing sector give him keen insight into the needs of U.S. manufacturers. It is our opinion that he will serve as an outstanding advocate and an important voice for American manufacturers and will work to ensure that government policies do not harm nor neglect the people who make products in America.

As you may know, Georgia is the leading carpet manufacturing state in the Nation. This manufacturing sector of our economy has remained strong against foreign competition and has weathered the recent economic storm successfully. Mr. Frink's vast experience in this sector should prove to be a tremendous asset to this position.

Mr. Frink will represent the Administration as point person on manufacturing and will focus on ways to help this important sector thrive and compete in the glob-

al marketplace. Mr. Frink will, no doubt, be a strong and effective advocate for manufacturing in the United States.

Respectfully,

WERNER H. BRAUN,
President.

ROCKWELL AUTOMATION
Milwaukee, WI, August 14, 2004

Chairman JOHN MCCAIN,
Commerce, Science, and Transportation,
United States Senate,
Washington, DC.

Ranking Member ERNEST HOLLINGS,
Commerce, Science, and Transportation,
United States Senate,
Washington, DC.

Dear Chairman McCain and Ranking Member Hollings:

Rockwell Automation, a global leader in industrial automation products and systems, enthusiastically supports the nomination of Al Frink as Assistant Secretary of Manufacturing and Services at the Department of Commerce. We ask that you work with your colleagues to confirm this appointment at your earliest convenience.

Rockwell Automation maintains a large U.S. manufacturing base and supplies other U.S. manufacturers with state of the art automation equipment to competitive in the global markets. The Commerce Department produced an excellent report on "Manufacturing in America" that contained over 50 recommendations to stimulate our manufacturing climate. It is essential we begin to act on these in a timely and deliberate way to keep our economy as a whole healthy. With the benefit of Mr. Frink's commitment and experience, we will have a strong advocate to develop an environment that supports manufacturing prosperity.

Last year Rockwell Automation celebrated our 100th anniversary. As we begin the business of this next century we are facing barriers that require new and creative solutions. With your confirmation, as Assistant Secretary of Manufacturing and Services, Mr. Frink, can be that champion for the manufacturing sector.

Sincerely,

KEITH NOSBUSCH,
President and Chief Executive Officer.

AMERICAN FURNITURE MANUFACTURERS ASSOCIATION
Washington, DC, July 15, 2004

Hon. JOHN MCCAIN,
Chairman,
Committee on Commerce, Science, and Transportation,
United States Senate,
Washington, DC.

Dear Chairman McCain:

We were very pleased that your committee held a hearing this week on the nomination of Mr. Albert A. Frink, Jr. to be Assistant Secretary of Commerce for Manufacturing and Services. Our organization strongly supported the creation of a new leadership position at the Commerce Department that would be responsible for coordinating the Administration's response to the challenges facing U.S. manufacturers. AFMA support Mr. Frink's nomination, and we urge you and your committee colleagues to move his nomination forward as soon as possible. Doing so would be an important step toward fulfilling a key recommendation in Manufacturing in America, the Commerce Department's comprehensive strategy to revitalize the domestic manufacturing sector.

As you may know, the furniture manufacturing industry in America is undergoing a significant transition, particularly as it adjusts to the tremendous growth in imports. Now, more than at any other time in recent history, it is essential for Federal policymakers to understand the issues that affect domestic manufacturers, and to create an economic environment here at home that will enable AFMA companies and other furniture manufacturers to grow and compete in an increasingly global economy. We believe a new Assistant Secretary for Manufacturing and Services will play a valuable role not only in enhancing the government's focus on improving manufacturing competitiveness, but also by being the principal advocate within the government for America's manufacturing sector. AFMA stands ready to assist you in anyway to advance Mr. Frink's nomination expeditiously this session.

Thank you for your consideration, Please do not hesitate to contact me if you have any questions or if we can be of assistance to you in any way.

Sincerely,

CHRISTOPHER P. PEARCE,
*Director of Congressional
& Regulatory Affairs.*

cc: Members of the Commerce Committee

