United States Senate
WASHINGTON, DC 20510

November 13, 2017

The Honorable Peggy E. Gustafson
Inspector General
U.S. Department of Commerce
Office of Inspector General
1401 Constitution Avenue, Northwest
Washington, D.C. 20230

Dear Inspector General Gustafson:

We write to request that you commence an investigation of Secretary Wilbur Ross and his chief of staff, Ms. Wendy Teramoto, to ensure that their conduct and representations are consistent with all ethical requirements of the U.S. Department of Commerce.

Ascertaining the true value of Secretary Ross's personal wealth

On October 26, 2017, many of us wrote to the U.S. Office of Government Ethics (OGE) regarding inconsistent statements that Secretary Ross and Commerce Department officials provided to *Forbes* magazine. These statements concerned a mysterious transfer of approximately $2 billion that Secretary Ross contends he made between last year's presidential election and his nomination for Commerce secretary. According to the magazine, Secretary Ross told a *Forbes* reporter these "assets were put into trust" sometime "between election and the nomination." A statement from the Commerce Department in response to *Forbes* contradicts Secretary Ross, stating "there was no major asset transfer to a trust in the period between the election and Secretary Ross's confirmation." A new report from *Forbes* released last week contends that the approximate $2 billion never existed at all.

Other statements from Secretary Ross make us further question the extent of his holdings. As part of the confirmation process, Secretary Ross provided written answers to the Senate in response to several written questions. Senator Blumenthal asked in writing of Secretary Ross, "Do you receive a financial benefit over any offshore company or entity?"; "Do you exercise control over any offshore company or entity?"; and "Do you have signature authority over any offshore accounts?" Secretary Ross's written responses to these questions only revealed some stock and a board membership in Arcelor Mittal and a bank account in Ireland with the equivalent of about $58,000. The document with questions and answers is attached. Recent news reports about documents known as the "Paradise Papers" reveal Secretary Ross's extensive, complicated holdings in offshore accounts that lead us to conclude these responses are severely insufficient.

We urge you to examine the veracity of Secretary Ross's statements about his wealth, including responses provided to Congress, whether Secretary Ross has provided fabrications

about other assets or shielded the existence of assets, and the extent to which false representations impacted the evaluation of and implementation of the ethics agreements he must now follow.

Whether Secretary Ross has complied with the divestment requirements in his ethics agreement

As part of the confirmation process, Secretary Ross agreed to divest – or sell off – 80 assets over the course of several months. Ethics officials allowed Secretary Ross to retain twelve other assets (listed in sections 7 and 10 of his agreement).

The assets that Secretary Ross agreed to divest were lumped into two groups. On one list were 40 assets he agreed to sell within 90 days of confirmation (Section I of Attachment A). On another list were 40 assets he agreed to sell within 180 days of confirmation (Section II of Attachment A). On November 5, 2017 – the day after the story broke about the Paradise Papers – a document appeared on OGE's website signed by Secretary Ross declaring his compliance with the ethics agreement, stating he had "completed all of the divestitures" per his agreement. Whether he has yet to fully divest is uncertain.

Secretary Ross was confirmed on February 27, 2017. The first divestment deadline was May 28, 2017, the date by which he should have divested all 40 assets listed in Section I of Attachment A. No document was filed in that window. Five days after the deadline, on June 2, he signed a document claiming to have sold everything he had agreed to sell on the list. He filed documents – known as transaction reports – that were posted on OGE's website reflecting his divestment of many of these assets. But as of today, there appears to be no proof of divestment of up to fourteen of the assets that appeared on the list of assets he said he had sold, including several Invesco funds. Moreover, the document in which he claims to have completed the divestiture warns there was an "unanticipated delay" concerning sale of three assets: Air Lease Corp., Bank of Cyprus and BankUnited. But Secretary Ross fails to explain the "unanticipated delay." He has filed documents claiming divestment of Air Lease and BankUnited, but he has yet to file proof of any transfer concerning his Bank of Cyprus interests.

The next deadline was August 26, 2017 – the date to sell all of the 40 assets listed in Section II of Attachment A of his agreement. But that date came and went. On September 5, 2017, Secretary Ross filed a document claiming he had been granted a 60-day extension of the deadline by Commerce ethics officials, "due to the outsourcing of the accounting function of the firm that handles some partnerships in which I have interests." The next deadline was October 25, 2017, the date by which he should have sold those assets. That date came and went, too. Finally, on November 1, he signed a document claiming to have divested everything; that document was made public November 5, 2017. Nonetheless, he appears to have filed little proof of divestment of these assets. While we understand he has several weeks until he must file proof, he contends that the filing of proof of divestment is somehow not applicable – having checked "N/A" on the form where it requires such proof.

To further confuse matters, the ethics forms that Secretary Ross submitted during the confirmation process lists broad ranges for the value for these interests – not specific stakes of

ownership. This makes it difficult to determine whether his transactions involving an asset constitute all ownership in that interest or just a portion thereof.

We urge you to investigate and confirm that Secretary Ross has complied with all the deadlines in his agreement, whether Secretary Ross has divested all assets per his agreement – including how, e.g., by sale, by gift, etc., whether the process for divestment was conducted in an orderly, legitimate manner, and whether the extensions he was provided by ethics officials were valid.

Whether Secretary Ross has complied with the recusal requirements in his ethics agreement and the adequacy of that agreement

Secretary Ross is supposed to recuse himself from actions that would affect the assets he has been allowed to retain. Whether he has done so is questionable.

Secretary Ross's ethics agreement allows him to retain certain assets related to "real estate financing and mortgage lending" and "transoceanic shipping" – like Diamond S Shipping and Navigator Holdings – but retained within off-shore holding companies. In order to retain these assets, Secretary Ross pledged he would "not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interest of the entity" unless he receives a waiver or qualifies for an exemption. Secretary Ross committed to "remain vigilant in identifying any particular matters affecting the interests of these entities and their holdings," and he recognized that his pledge also barred him from participation in matters impacting the industries of those assets.

As secretary, Secretary Ross is pursuing policies that could have a direct and predictable effect on the financial interests of the assets he has retained and the industries in which they hold a presence. For example, Secretary Ross has led efforts to advance trade agreements with China and other countries regarding shipments of liquid natural gas and petroleum products. These commodities are shipped by vessels owned by entities in which he retains a significant financial stake. His trade efforts could also affect other kinds of freight and cargo shipments that could provide his business interests with valuable sources of income. In addition, as another example, Secretary Ross oversees the Bureau of Industry and Security, which implements U.S. sanctions against other countries. Secretary Ross also maintains an influential role in this administration, having known and worked with President Donald Trump for decades, advising him on all matter of infrastructure and economic policy. His policy efforts and decisions on these fronts could further aid his business interests.

We urge you to obtain all records of recusal and verify compliance. We further urge you to investigate whether Secretary Ross has participated in matters personally and substantially that could affect the assets he was allowed to retain, whether there are any assets that he pledged to divest but has yet to sell, all conflicts that Secretary Ross has personally identified, whether Secretary Ross has been given any waivers and the nature of those waivers, any exemptions he has been provided and the nature of those exemptions, and the adequacy of the agreement governing Secretary Ross.

Whether senior department officials have been allowed to serve despite conflicts of interest

Finally, recent news reports have revealed that Secretary Ross's chief of staff, Ms. Wendy Teramota, remained on the board of a shipping company called Navigator until July 17, 2017, yet she began working at the Department several months earlier in March. The Commerce Department has stated in some reports that she was simply working as a "part-time special position as an advisor." Yet several reports contradict that claim, contending she was working on high-profile matters at the department for months before she separated from Navigator – including work on trade matters that would directly affect Navigator.

These reports about a clear and compelling conflict of interest make us question whether her efforts are focused on her personal business interests or the well-being of the American people.

We urge you to examine what, if any, ethical constraints were placed on Ms. Teramoto before she began her tenure at the department, what ethics agreement have governed her tenure, the adequacy of any ethics agreements governing her tenure, what matters she has been involved in since her tenure began, who in the department has allowed her to work on matters when there was a clear conflict, and whether and to what extent she has been affiliated with any other businesses since she began her employment at the department.

We appreciate you close attention to these issues. If there are any matters that fall outside the scope of your authority, please let us know as soon as possible so that we can ensure other officials are properly addressing them.

Sincerely,

RICHARD BLUMENTHAL
United States Senate

MARGARET WOOD HASSAN
United States Senate

CORY A. BOOKER
United States Senate

MARIA CANTWELL
United States Senate

TAMMY BALDWIN
United States Senate

TAMMY DUCKWORTH
United States Senate

Enclosure: Questions from Senator Richard Blumenthal for Commerce Secretary-Designate Wilbur L. Ross, Jr.

Questions from Senator Richard Blumenthal for Commerce Secretary-Designate Wilbur L. Ross, Jr.

1. Do you receive a financial benefit over any offshore company or entity? If yes, please describe.

I have been a shareholder and Board member of Arcelor Mittal. I will resign and sell the shares.

2. Do you exercise control over any offshore company or entity? If yes, please describe.

I have a personal account at Bank of Ireland with approximately 50,000 euros in it, which I will use for my personal expenses when I travel to Europe.

3. Do you have signature authority over any offshore accounts? If yes, please describe.

The account in #2 above.

4. Have you taken or given a loan to a foreign official or a family member or individual business entity controlled by that foreign office? If yes, please describe.

No.

5. Are you subject to challenges or audits by any revenue agency anywhere in the world? If yes, please describe.

No.

6. Do you have any investments in vehicles intended to reduce tax liability? If yes, please describe,

No.

7. Please list sources and amounts of all income received during the calendar year preceding your nomination and for the current calendar year, including all salaries, fees, dividends, interest, gifts, rents, royalties, licensing fees, honoraria, and other items exceeding $500 or more (if you prefer to do so, copies of the financial disclosure report, required by the Ethics in Government Act of 1978, may be substituted here).

My financial disclosure report will be published by OGE along with my ethics agreement.

8. Please list the sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock, options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services, firm memberships, former employers, clients or customers. Please describe the arrangements you have made to be compensated in the future for any financial or business interest.

Not applicable. I do not have any deferred income arrangements, stock, options, uncompleted contracts or other future benefits from prior activities. I have not made any arrangements to be compensated in the future for any financial or business interest.

Please also refer to my financial disclosure report and ethics agreement.

9. Potential Conflicts of Interest: a. Please identify the family members or other persons, parties, affiliations, pending and categories of litigation, financial arrangements or other factors that are likely to present potential conflicts-of-interest when you first assume the position to which you have been nominated. Please explain how you would address any such conflict if it were to arise. B. Please explain how you will resolve any potential conflict of interest, including
the procedure you will follow in determining these areas of concern.

Not applicable. I do not have any deferred income arrangements, stock, options, uncompleted contracts or other future benefits from prior activities. I have not made any arrangements to be compensated in the future for any financial or business interest.

Please also refer to my financial disclosure report and ethics agreement.